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HOUSE OF COMMONS

Second Session—Twenty-second Parliament
1955

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STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

Respecting

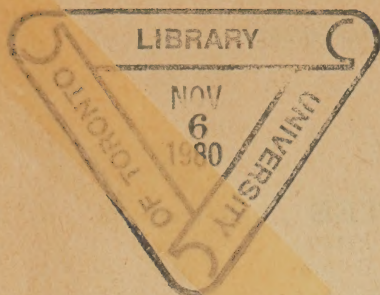
The Report of the Canadian Wheat Board for the Crop Year 1953-54

FRIDAY, MAY 13, 1955
MONDAY, MAY 23, 1955

WITNESSES:

Mr. Henry Young, President, Alberta Farmers Union; Mr. James Patterson, President, Manitoba Farmers Union; Mr. Chris Hansen, President, Saskatchewan Farmers Union; all representing the Interprovincial Farm Union Council.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.



STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.
and
Messrs.

Anderson,
Argue,
Batten,
Boucher (*Chateauguay-
Huntingdon-
Laprairie*),
Breton,
Bruneau,
Bryce,
Cardiff,
Castleden,
Charlton,
Clark,
Decore,
Demers,
Deslières,
Diefenbaker,
Dinsdale,
Fontaine,
Forgie,
Gingras,

Gour (*Russell*),
Harkness,
Harrison,
Huffman,
Johnson (*Kindersley*),
Jones,
Kickham,
Kirk (*Antigonish-
Guysborough*),
Leboe,
Legaré,
Lusby,
MacKenzie,
MacLean,
Mang,
Massé,
Matheson,
McBain,
McCubbin,
Michaud,
Montgomery,
(Quorum 20)

Murphy (*Westmorland*),
Perron,
Pommer,
Poulin,
Proudfoot,
Purdy,
Quelch
Roberge,
Robinson (*Bruce*),
Schneider,
Stanton,
Stick,
Studer,
Tucker,
Villeneuve,
Weselak,
White (*Middlesex East*),
White (*Waterloo South*),
Wyllie,
Yuill—60.

E. W. Innes,
Clerk of the Committee.

ORDERS OF REFERENCE

HOUSE OF COMMONS,

FRIDAY, February 4, 1955.

Resolved—That the following Members do compose the Standing Committee on Agriculture and Colonization:

Messrs.

Anderson,	Gingras,	Michaud,
Argue,	Goode,	Montgomery,
Batten,	Gour (<i>Russell</i>),	Murphy (<i>Westmorland</i>),
Boucher (<i>Chateauguay-Huntingdon-Laprairie</i>)	Harkness,	Perron,
Breton,	Huffman,	Pommer,
Bruneau,	Johnson (<i>Kindersley</i>),	Poulin,
Bryce,	Jones,	Proudfoot,
Byrne,	Jutras,	Purdy,
Cardiff,	Kickham,	Quelch
Castleden,	Kirk (<i>Antigonish-Guysborough</i>),	Roberge,
Charlton,	Leboe,	Robinson (<i>Bruce</i>),
Clark,	Legaré,	Roy,
Decore,	Lusby,	Schneider,
Demers,	MacKenzie,	Stanton,
Deslières,	MacLean,	Stick,
Diefenbaker,	Mang,	Studer,
Dinsdale,	Massé,	Villeneuve,
Fontaine,	Matheson,	White (<i>Middlesex East</i>),
Forgie,	McBain,	White (<i>Waterloo South</i>),
	McCubbin,	Wylie,
		Yuill—60.

Ordered—That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

TUESDAY, May 10, 1955.

Ordered—That the Report of the Canadian Wheat Board for the crop year 1953-54, tabled on February 23, 1955, together with the Report of the Board of Grain Commissioners for Canada for the year 1954, tabled on April 6, 1955, be referred to the said Committee.

WEDNESDAY, May 11, 1955.

Ordered—That the name of Mr. Tucker be substituted for that of Mr. Roy; and

That the name of Mr. Harrison be substituted for that of Mr. Goode; and
That the name of Mr. Weselak be substituted for that of Mr. Byrne on the said Committee.

FRIDAY, May 13, 1955.

Ordered,—That the said Committee be empowered to print from day to day 1,000 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 64 be suspended in relation thereto.

Ordered,—That the said Committee be granted leave to sit while the House is sitting.

Ordered,—That the quorum of the said Committee be reduced from 20 to 15 Members.

Attest.

Leon J. Raymond,
Clerk of the House.

STANDING COMMITTEE

REPORT TO THE HOUSE

FRIDAY, May 13, 1955.

The Standing Committee on Agriculture and Colonization begs leave to present the following as its

FIRST REPORT

Your Committee recommends:

(1) That it be empowered to print from day to day 1,000 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 64 be suspended in relation thereto.

(2) That it be granted leave to sit while the House is sitting.

(3) That its quorum be reduced from 20 to 15 Members.

All of which is respectfully submitted.

RENE N. JUTRAS,
Chairman.

MINUTES OF PROCEEDINGS

FRIDAY, May 13, 1955.

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Breton, Bryce, Charlton, Deslieries, Gour (*Russell*), Harkness, Huffman, Jones, Jutras, Kickham, Kirk (*Antigonish-Guysborough*), MacKenzie, Mang, Michaud, Montgomery, Pommer, Quelch, Stanton, Stick, Studer, Tucker, Weselak, and Yuill.

On motion of Mr. Tucker,—

Resolved,—That a recommendation be made to the House to reduce the quorum from 20 members to 15 members.

On motion of Mr. Tucker,—

Resolved,—That permission be sought to print, from day to day, 1,000 copies in English and 250 copies in French of the Committee's Proceedings and Evidence.

On motion of Mr. Mang,—

Resolved,—That the Committee request permission to sit while the House is sitting.

On motion of Mr. Pommer,—

Resolved,—That a subcommittee on Agenda and Procedure, comprising the Chairman and 7 members to be named by him, be appointed.

Agreed,—That the following organizations be heard if they wish to make representations before this Committee: Interprovincial Farm Union Council, Saskatchewan Wheat Pool, Manitoba Wheat Pool, Alberta Wheat Pool, United Grain Growers, Ltd., North-West Line Elevators Association, and Canadian Federation of Agriculture.

Agreed,—That the next meeting of the Committee be in the week of May 23; and that the Chairman arrange the hearings as he sees fit.

At 11.25 o'clock a.m. the Committee adjourned to the call of the Chair.

MONDAY, May 23, 1955.

(2)

The Standing Committee on Agriculture and Colonization met at 10.30 o'clock a.m. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Bryce, Castleden, Charlton, Deslieries, Diefenbaker, Dinsdale, Harkness, Harrison, Johnson (*Kindersley*), Jutras, Kirk (*Antigonish-Guysborough*), Lusby, MacKenzie, Mang, McBain, McCubbin, Michaud, Montgomery, Murphy (*Westmorland*), Pommer, Purdy, Quelch, Schneider, Stick, Tucker, Wylie, and Yuill.

In attendance: Rt. Honourable C. D. Howe, Minister of Trade and Commerce.

STANDING COMMITTEE

From the Interprovincial Farm Union Council: Mr. Henry Young, President, Alberta Farmers Union; Mr. James Patterson, President, Manitoba Farmers Union; Mr. Chris Hansen, President, Saskatchewan Farmers Union.

From The Canadian Wheat Board: Mr. George McIvor, Chief Commissioner; Mr. W. C. McNamara, Assistant Chief Commissioner; Mr. W. Riddel, Commissioner; Mr. W. E. Robertson, Commissioner; Mr. C. B. Davidson, Secretary; Mr. C. E. G. Earl, Comptroller

From the Office of Transport Controller: Mr. R. W. Milner, Controller.

The Committee proceeded to the consideration of the Report of the Canadian Wheat Board.

The Chairman introduced the representatives of the Interprovincial Farm Union Council.

Mr. Henry Young presented the Council's brief and assisted by Messrs. Patterson and Hansen, answered questions thereon.

At 1.05 o'clock p.m. the Committee adjourned to the call of the Chair.

AFTERNOON SITTING (3)

The Committee resumed at 3.15 o'clock p.m., the Chairman, Mr. Jutras, presiding.

Members present: Messrs. Argue, Batten, Bryce, Castleden, Charlton, Deslieres, Diefenbaker, Dinsdale, Gour (*Russell*), Harkness, Harrison, Johnson (*Kindersley*), Jutras, Kirk (*Antigonish-Guysborough*), MacKenzie, Mang, McBain, McCubbin, Michaud, Montgomery, Murphy (*Westmorland*), Pommer, Purdy, Quelch, Schneider, Stick, Tucker, Wylie and Yuill.

In attendance: Rt. Honourable J. G. Gardiner, Minister of Agriculture.

From the Interprovincial Farm Union Council: Mr. Henry Young, President, Alberta Farmers Union; Mr. James Patterson, President, Manitoba Farmers Union; Mr. Chris Hansen, President, Saskatchewan Farmers Union.

From The Canadian Wheat Board: Mr. George McIvor, Chief Commissioner; Mr. W. C. McNamara, Assistant Chief Commissioner; Mr. W. Riddel, Commissioner; Mr. W. E. Robertson, Commissioner; Mr. C. B. Davidson, Secretary; Mr. C. E. G. Earl, Comptroller.

From the Office of Transport Controller: Mr. R. W. Milner, Controller.

The Committee resumed consideration of the brief presented at the morning sitting, Mr. Young and his associates answering questions thereon.

The witnesses were thanked and retired.

At 5.00 o'clock p.m., the Committee adjourned until 10.30 o'clock a.m., Tuesday, May 24.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

MONDAY, May 23, 1955.
10.30 a.m.

The CHAIRMAN: Order, gentlemen, we now have a quorum and we shall proceed.

First I wish on behalf of the members of the committee to extend a very sincere word of welcome to all our visitors in the room this morning. We appreciate their interest in the subject matter and I know that we can all count on their co-operation.

As it was agreed at the organization meeting, we are to start with a hearing of the formal presentation, and accordingly we have with us this morning the Interprovincial Council of the Farmers Unions who have a formal brief. Therefore I shall call on the Interprovincial Farm Union Council to come to the head table.

Mr. CHARLTON: Mr. Chairman, before we proceed with the brief, I wonder if you, as chairman, would be able to answer this question: why a matter which has been on the Order paper since January 11, Bill No. 5, has been chosen to be brought up before the House today? On top of it was Bill No. 352, and a resolution coming before the House, when this is the first day of meeting for the agricultural committee. I think it is rather strange that this bill having stood on the Order paper since January the 11th, should have been left until today to be brought forward. I wonder if there is any liaison between yourself, Mr. Chairman, and the House leader, that this situation has arisen?

The CHAIRMAN: Well, now, Mr. Charlton; you appreciate that the responsibility of the chairman of the committee is to call the committee together when there is a reference given to it. I called the committee together as soon as I got the reference, which was last week. That was the first time that we received any reference. As far as the House deciding or not deciding to send any particular bill to the committee, of course that is not my responsibility, so there is nothing I can do about it. That is a matter which has to be brought up in the House, not in the committee; at least, I would think so, because it is a matter for the House to decide what they want to send to the committee.

Mr. CHARLTON: I am not suggesting that this bill should not be sent to the committee. That is not my suggestion at all; my suggestion is that you get in touch with the House leader and inform him when this committee is to be sitting. Apparently he did not know this committee was to be meeting today.

The CHAIRMAN: This committee has been advertised in *Votes and Proceedings* for at least a full week; I do not know exactly how long, but certainly for a full week it has been advertised in *Votes and Proceedings*. Surely everybody knew for at least a week—unless they did not read *Votes and Proceedings*; but that is the official document of the House.

Mr. CHARLTON: You had better talk to the House leader then.

The CHAIRMAN: I now call on Mr. Young, Mr. Patterson and Mr. Hansen. I shall ask Mr. Young to introduce his delegation, during which time his brief will be distributed. They have a formal brief with copies for everybody.

I suppose, as usual, we shall follow the customary practice, if it is agreeable to the committee, of first hearing the brief read, and then asking questions.

The leader of the delegation will present his delegation first and then read his brief to you. Then, after the brief has been read, we will throw the meeting open for any questions which you may wish to ask any members of the delegation.

Mr. PURDY: May we first be told who comprise the Interprovincial Farm Union Council?

The CHAIRMAN: This is the Interprovincial Farm Union Council. You will have to ask the witness when he is through, as to exactly what his standing is. I now call on Mr. Young.

Mr. HENRY YOUNG (*President of the Alberta Farmers Union*): Mr. Chairman, and gentlemen: I am very glad to be with you this morning. I see a lot of old friends here, and others with whom I would like to become better acquainted.

Before I commence to present this brief to you I want to introduce my colleagues. Here on the extreme right is Mr. Chris Hansen, president of the Saskatchewan Farmers Union; and then Mr. Jim Patterson, president of the Manitoba Farmers Union. As you all know, I am president of the Farmers Union of Alberta.

Mr. SCHNEIDER: Is there any Ontario man here?

Mr. HENRY YOUNG: Unfortunately, no. We had expected Mr. Cormack, but he does not seem to have arrived yet.

This is the submission to the standing committee on agriculture and colonization from the Interprovincial Farm Union Council.

As spokesmen for more than 200,000 farm men and women who are members of the farm unions of Ontario, Manitoba, Saskatchewan, Alberta and the Peace River Block of British Columbia, we wish first of all to voice our appreciation of the privilege of presenting the farm union viewpoint to this important parliamentary body.

This is the fourth successive year in which the Interprovincial Farm Union Council has appeared before the House of Commons Standing Committee on Agriculture and Colonization. As on previous occasions, our submission is confined chiefly to those items referred by the House to the Committee for special study; Namely, grain marketing and handling problems as contained in the reports of the Canadian Wheat Board and the Board of Grain Commissioners.

But, to support our specific recommendations on these matters, we wish first to deal in a general way with the economic position of the agricultural industry. And, later in our submission, we would ask your indulgence to present our viewpoint on some items that bear a close relationship to those under study.

Economic position of agriculture: For the past two years, the farm unions have been calling attention to the continued decline in the price of farm products in a period during which most farm costs have remained as high as ever.

Our warnings that the widening gap between farm income and costs threaten the stability of the whole agricultural economy have not been heeded. There has been a tendency on the part of governments as well as individuals to argue that gross income from above-normal crops indicated that agriculture was prosperous. That argument received a rough jolt last year when it became apparent that farm income was so unstable that it could not withstand even one year of poor crops.

The final D.B.S. figures on 1954 farm income underline that fact. They show that net farm income dropped to \$1,125,600,000, or more than 30 per cent below the \$1,669,600,000 net farm income for 1953, and substantially below the post-war average of \$1,611,600,000. Gross farm income declined almost 20 per cent in 1954. Moreover, net farm income in 1954 was only slightly more than half the net farm income of \$2,154,500,000 in the peak year, 1951.

Meantime, farm operating costs in 1954 were only two per cent under those of 1953, and only five per cent lower than in 1951.

Admittedly 1951 was a top year for Canadian farmers, but even then we would point out that only 11 per cent of the national income went to agriculture, while some 20·8 per cent of the population were working on the land. The figures for 1954 indicate that 20 per cent of the population were engaged in agriculture but received only nine per cent of the national income.

Although part of the tremendous drop in agricultural income last year was caused by crop losses on the Prairies, this situation was only partially responsible. But it does emphasize the essentially hazardous nature of Prairie agriculture and the need for measures that will give farmers assurance of some measure of security.

There is abundant evidence that Canadian farmers in recent years have found it increasingly difficult to maintain their farming operations. Figures of increased farm debt would substantiate this. On the one hand, farm costs have pyramided as the price of most of the goods and services the farmer requires continue to climb, and debt charges, salaries, taxes and profits increase. On the other hand, prices for nearly all farm products have dropped steadily over the past four years. Only the increased efficiency of Canadian farmers has enabled them to carry on so far without a major collapse. The ability to increase production, particularly in the case of cereal crops, is due largely to mechanization. But it must not be forgotten that mechanization has saddled the farmer with added costs and created the necessity for increased cash income to pay for machinery, fuel and repairs.

But it is increasingly apparent, and, we believe that there is growing recognition that the costs have now overtaken the benefits of increased efficiency derived through mechanization.

In our opinion the time to establish a proper relationship between farm costs and prices is even now overdue. Unless definite and energetic measures are undertaken immediately, the consequences are likely to bring disaster both upon farmers and upon all those who depend upon agricultural prosperity, either directly or indirectly.

Proper Farm Price-cost Relationship: Every other industry in Canada is protected by tariffs or agreements of various kinds. Organized labor has protected its position by collective bargaining and agreements with industry. Industry takes advantage of tariff protection and price maintenance agreements of various kinds. These various expedients have placed other industries and labor groups in a more favorable position than that occupied by agriculture. More important, they have raised agricultural production costs to the point where they cannot, in some cases, meet world competition, thus restricting export markets for some farm products.

For many years Canadian farmers advocated complete free trade, and if given that, offered to produce in competition with all the world. This offer was spurned by Canadian industry which insisted on protection. Since that is now the accepted policy of Canada, we contend that Canadian farmers are entitled to equivalent benefits in some effective form.

New Agricultural Policy Needed: We contend that Canada should adopt a new national agricultural policy, that will establish a fair relationship between farm prices and farm costs. To accomplish this, we recommend that prices for all farm products sold on domestic markets be fixed at parity—that is, at levels in line with the prices of the goods and services farmers must buy in the Canadian market in order to continue production. In addition, we urge the establishment of adequate floor prices for all farm products sold on export markets. The present agricultural price support legislation is neither sufficiently wide nor definite enough to meet this latter requirement. There-

fore, we recommend that the price floor legislation be extended to cover all export farm commodities, with a fixed formula setting out the amount of the floor price for each farm commodity.

Under this policy, our main export, wheat, would command parity prices from millers and other domestic users, and equitable floor prices for the export balance. But the same policy, we maintain, should be applied to other principal farm products such as coarse grains, beef, bacon, cheese, poultry meats and eggs, as well as fruits. Full-scale production should be encouraged except in the case of temporary surpluses when the application of production and/or marketing quotas might be considered advisable.

It may be argued that the establishing of a parity basis for Canadian agriculture would be difficult. That may be so, but it is not impossible. We contend that it must be done both in justice to the farmer and for the stability of the nation. In a country like Canada an unstable agriculture is a menace to the prosperity of all. If tariff protection or subsidies or both are necessary in order to establish agricultural parity, we want to remind you that both are used for the benefit of other and less important industries.

Once again let us emphasize that this question of a proper price relationship is the *No. 1 Problem* of Canadian agriculture. No dealing with trifles will solve it. Until it is solved there can be no permanent prosperity for farmers or for Canada.

The Interprovincial Farm Union Council most strongly urges you, as representatives of the parliament of Canada, not to hesitate in supporting this forward step in our expanding twentieth century economy to place agriculture on a par with other Canadian industries and groups.

Enquiry into Grain Handling and Grading: It is now 25 years since the last full investigation into all phases of grain handling, grading and other matters that come under the provisions of the Canada Grain Act. Big changes in handling methods have taken place in that time. Furthermore, there is some feeling among farmers that administration of the Act, originally passed to protect them, today favors the grain companies. Under these circumstances, we feel that a Royal Commission should be set up to enquire closely into all aspects of grain handling. The findings of such a commission should form the basis for necessary amendments to the Canada Grain Act to ensure that its original purpose is carried out.

Some of the points on which the farm unions have expressed particular dissatisfaction may be listed as follows:

- (a) *Box-Car Distribution:* Farmers generally resent the policy followed by the railways during congested periods of allocating box-cars on the basis of one-elevator-one-box-car. They want to establish a workable basis to enable farmers to deliver grain to the elevator of their choice. Accordingly, farmers want provisions inserted in the Canada Grain Act whereby they may state their delivery preference to the Board of Grain Commissioners, who, in turn, will be authorized to determine an annual cycle of car distribution for each delivery point and to notify the elevator and railways of such cycle.
- (b) *Delivery Quotas:* Although farmers favour a system of grain delivery quotas while congestion exists, they feel that the whole matter bears investigation, and that at all single-elevator points at least, growers should be permitted alternate delivery points. To confine a grower to delivering to one elevator only, puts the farmer at the mercy of the elevator operator. This is especially true since the "subject to grade and dockage" provision of the Canada Grain Act has become practically inoperative where congestion exists. Farmers believe

that methods should be devised to make better use of available storage space in country elevators and that alternate delivery points would help to accomplish that purpose.

- (c) *Overages in Country and Terminal Elevators:* There is a strong feeling among grain growers that the proceeds from overages both at country and terminal elevators should be returned to the growers through the Wheat Board. We note that on account of congestion, only 1037 of 5130 country elevators could be weighed over in 1954. We also note that of those elevators weighed over, two-thirds showed overages in weight. The annual report of the Canadian Wheat Board for the crop year 1953-54, the last year of operation indicates overages at country and terminal elevators for that period to be 1,336,330 bushels. Moreover, these figures apply only to wheat and to overages on weight. To get the complete picture of total grain overages, it would be necessary to calculate what we suspect may amount to an even greater loss to producers in the form of overages on grade for wheat, and in addition to add the overages in both weight and grade for the coarse grains handled. On past occasions we have noted that the reluctance of the Board of Grain Commissioners to make complete information available as to grades of grain received by various companies at local delivery points and the out-turn grades by the same companies, including the condition of such grain, makes it impossible to check the extent of grade overages. We have also protested that in its annual report, the Board of Grain Commissioners lists weight shortages or overages for only the top grades of wheat. We would like to see the records in full included in the report, giving the overage or shortage position on all grades of wheat, from No. 1 to feed, and also on tough and damp wheat.

- (d) *Diversion charges:* The farm unions feel strongly that diversion charges on grain are not justified, more so at the present time when companies have at all times more grain available at their terminal points than they can possibly handle. Farmers regard diversion charges as an unlawful tax on their grain, which is paid to elevator companies for services they never render.

You will notice that these four points, a, b, c and d, are adduced in support of the request for a royal commission on grain handling.

Grade Standards for Screenings: Considerable evidence exists that the sale of a poor grade of screenings from the lakehead to feeders in Eastern Canada and the mixing of it with feed grain sold there is having a detrimental effect upon the interests of prairie growers. In most cases these screenings have been appropriated by the elevator companies without compensation to producers. If, in addition to being sold in competition with feed grain, poor quality screenings are being used to debase the quality thus injuring the reputation of western feed grain, the matter is serious.

We are pleased that the Board of Grain Commissioners has taken some action to alleviate this situation by insisting on higher quality No. 1 feed screenings shipped east. However, the farm unions believe that feed screenings should be graded according to analysis of content, so that feeders may know what they are getting and if it meets their feeding requirements. Further we think that mixing of screenings with feed grain offered for resale should be prohibited.

We would also recommend once more that the jurisdiction of the Board of Grain Commissioners be extended to provide for free grain inspection wherever required or requested by individual farmers who purchase feed grains at eastern points. In this way eastern buyers would be assured that proper grade standards are being maintained.

We would recommend, further, that all feed screenings become the property of the Canadian Wheat Board and the net proceeds be distributed to producers.

Wheat Board Marketing: Members of the farmers' unions have always favoured the orderly marketing of farm products through centralized agencies. At this time we wish to reiterate our support of the orderly marketing of our grain by the Canadian Wheat Board. We believe that the results of the past two years have proved its value to western farmers beyond a doubt. A big majority of farmers favour this method of marketing and have no desire for the return of the open market.

We are therefore deeply concerned about the ultimate outcome of the "Murphy Case". While it is true that the action is directed initially against the C.P.R., it is obvious that the main purpose is to challenge the validity of the Wheat Board.

We would urge the members of this committee to keep a very close watch on the developments in this case. In the event that the final court ruling raises any question of the Wheat Board's constitutional validity, we expect parliament to take whatever legislative action may be found necessary to ensure continued operation of the board.

Final Price 1953-54 Wheat: We are rather disappointed in the final payment on the 1953 wheat crop. The total of \$1.5638 basis No. 1 Northern, seems low in comparison with the Wheat Board's selling price of \$1.70 to \$1.75 throughout the year. Of course we realize that with the very large amount of wheat stored during the year, storage charges were unusually heavy.

We note in the report of the Canadian Wheat Board, that carrying charges on wheat in store increased from \$18,563,836 in the previous crop year to \$29,835,170 in 1953-54, an increase of \$11,271,334. It is notable also that the elimination of the provision for carrying charges under the new I.W.A. accounted for almost \$10,000,000 of this.

Right here we want to call your attention to the fact that a parity price as repeatedly asked for by us on the 52,000,000 bushels of wheat used annually for human food in Canada would have provided funds for a final payment of at least 12 cents per bushel.

Prairie farmers are also very concerned by the obvious worsening of the world marketing picture as indicated in Trade Minister C. D. Howe's statement that U.S. wheat marketing programs are having "a disturbing effect on commercial markets". The fact that the price realized for No. 1 wheat at the lakehead during the pool period is less than two cents a bushel higher than the I.W.A. minimum, and 26 cents a bushel less than for the preceding pool underlines the seriousness of our wheat marketing position. The Interprovincial Farm Union Council believes that unless Canada is prepared to take further steps to correct this situation, the effect on our wheat economy could be disastrous. We believe that something more than aggressive salesmanship is called for. On past occasions the farm unions have urged the Canadian government to accept sterling in payment for wheat, and to explore the possibility of barter deals. It is most unfortunate that Canada has delayed action along these lines until the United States has embarked on a similar type of program.

We also note that in 1953-54 the Wheat Board paid a total of \$4,384,324 in interest and bank charges. We are inclined to question the method used for financing the Wheat Board operations. Why should the Wheat Board or any national marketing board not be able to get credit direct from the Bank of Canada to finance their operations? At present the Wheat Board pledges our grain as security for bank loans, paying perhaps 3½ or 4 per cent interest. The chartered banks can then take the same security to the Bank of Canada and get money for 2 per cent or less. This unnecessary middleman's cost runs into

large figures in financing a grain crop. We believe it should be eliminated. It should be noted here that all extra costs such as this come out of the final price received by the grain producers.

World Grain Bank: The farm unions are in favor of renewal of the International Wheat Agreement, due to terminate July 31, 1956. During negotiation of acceptable terms for renewing the agreement, we would suggest that Canada take the lead in pressing for the establishment of a world grain bank as a means of making surplus bread grains available to under-developed countries. We suggest that such a move would be a practical first step toward the ultimate goal of establishing a world food bank under United Nations auspices. Any surplus disposal plan, in our opinion, should follow a policy that will cause minimum dislocation to existing markets now held by the grain exporting countries.

Producer Representation: Without any reflection on the present personnel of the Wheat Board and Board of Grain Commissioners, the farm unions wish once more to urge the appointment of more actual producing farmers to these bodies. These are required for two reasons: First, these boards should maintain close contact at all times with the farmers; second, it is important that farmers should feel confident that these boards are operating entirely in their interest. There is also the point that both boards, generally speaking, are financed by western grain producers. As a matter of principle, these same producers should be represented by men of their own choice.

Reorganization of Advisory Committee: In the opinion of the farm unions, the advisory committee of the Wheat Board has had little value, due largely to the fact that some of its members are not farmers and do not understand farmers' marketing problems since they are resident in urban centres and have all their business interests there.

We would urge that the advisory committee be completely reorganized and that all its members be producing farmers.

P.F.A.A. and Crop Insurance: To farmers this matter ranks next in importance to the price relationship. The Prairie Farm Assistance Act has been of great value to western farmers, especially in the marginal areas. However the widespread crop failure of 1954 demonstrated that something more adequate is needed.

We believe that serious and early consideration should be given and action taken to the broadening of the P.F.A.A. into an all-risk crop insurance plan. This should be done by the federal government with the co-operation of the provincial governments interested. Such a plan must provide for larger compensation for crop loss, and more complete coverage, so that any farmer losing a crop through no fault of his own can be compensated.

On this basis, farmers would not object to a higher levy on grain. However it should be emphasized that the entire cost of any crop insurance plan for a high-risk area such as the prairie provinces should not be levied against agriculture. Provincial and federal governments should carry part of the risk, since the whole nation has a stake in maintaining the prosperity of agriculture. A drop of half-a-billion dollars in revenue on account of crop loss affects the welfare of people all over Canada.

The fact that all-risk crop insurance of this type may necessitate amendments to the British North America Act should not, in our opinion, deter parliament from undertaking to secure the changes required to provide adequate protection against crop failure.

Extension of P.F.R.A.: Throughout the areas in which the Prairie Farm Rehabilitation Act applies, its achievements in promoting sound land use and the abilities of its engineers command the confidence and support of farmers generally. It is recognized that the original purpose of P.F.R.A. was to combat

drought and to return marginal lands in the dry grass areas to grass. But for the past several years there has been a general demand that the boundaries within which P.F.R.A. operates should be extended northwards to take in all prairie land under cultivation and that its scope should be widened to include drainage as well as water conservation projects. The need for such action is underlined by recurrent flooding in some sections of northeast and eastern Saskatchewan as well as in parts of Manitoba. The farm unions urge members of this committee to examine carefully this increasingly urgent problem which today is depriving the prairies of harvests on some of its richest lands.

Feed Grain Freight Subsidy: The principle of a federal subsidy to assist the movement of feed grain from the prairies to feeders east of the lakehead and west of the Rocky mountains has been accepted as established practice over a considerable term of years. It has proved helpful to both growers and feeders. Consequently we deplore the recent reduction in these freight subsidies on feed grain which comes at a time when livestock feeders both at the west coast and in eastern Canada are operating on very narrow margins. The amount saved by reduction of the subsidy is important to feeders as it comes directly out of their returns. But the amount saved the federal treasury is trifling in comparison with the expenditures of Canada as a whole, and we believe that the reduction, in the name of economy is unwarranted.

Canada is divided into widely separated areas by great natural barriers. To bridge these gaps, and to bring grain producers and consumers closer together, this freight subsidy on feed grain should, in our opinion, be part of national policy. Consequently, the farm unions urge that this freight subsidy should be restored to former levels, and maintained as part of a permanent program.

SUMMARY OF MAIN RECOMMENDATIONS

1. *National Agricultural Policy*

Establishment of a new national agricultural policy that will guarantee farmers parity prices for grain and all other farm products sold on domestic markets, and equitable floor prices for all farm products sold on export markets. Extension of price floor legislation to cover all export farm commodities based on a fixed formula.

2. *Inquiry into Grain Handling, etc.*

The setting up of a royal commission, on which producers will be represented, to inquire into all phases of grain handling, grading, marketing, etc., with the object of making recommendations for changes in the Canada Grain Act. Special attention to be paid to such items as box-car allocation; delivery quotas; grade and weight grain overages and mixing; diversion charges.

3. *Strict Grade Standards for Screenings*

Extension of Board of Grain Commissioner's jurisdiction to eastern Canada to safeguard feed grain standards. All feed screenings to become the property of the Wheat Board.

4. *Wheat Board Marketing*

The farm unions commend the Wheat Board and support the principle of board marketing.

5. *Financing of Marketing Boards*

National marketing boards should be financed directly through the Bank of Canada at a rate no higher than is charged to the chartered banks.

6. *Overages*

Provision should be made for the return of all grain overages to the Wheat Board. This should also apply to overages in grade.

7. *Grain Quotas*

Farmers at points served by only one elevator to be given an alternative delivery point. Alternative delivery also to be permitted where unused space is available.

8. *Reorganization of Advisory Committee*

Reorganization of advisory committee to Wheat Board on basis of 100 per cent producer representatives.

9. *Producer Representation*

Appointment of actual producing farmers on all boards having jurisdiction over farm products.

10. *I. W. A. and World Grain Bank*

Renewal of I.W.A. and establishment of World Grain Bank to make surplus grain available to under-developed countries.

11. *Feed Grain Freight Subsidy*

Adoption of the principle of federal freight assistance to feeders in B.C. and eastern Canada as part of permanent program to bridge great natural gap separating various Canadian regions.

12. *P. F. A. A. and Crop Insurance*

Broadening of the Prairie Farm Assistance Act into a system of all-risk crop insurance on a 3-way basis. Amendment of the B.N.A. Act if necessary to make this possible.

13. *Extension of P. F. R. A.*

The Prairie Farm Rehabilitation Act to be extended to cover drainage and to apply to all parts of the prairies under cultivation. It should also be available to other Canadian provinces.

14. *Crows Nest Pass Rates*

Continuation of the Crows Nest Pass rates as a part of Canadian economic policy.

All of which is respectfully submitted by the Interprovincial Farm Union Council.

The CHAIRMAN: Thank you Mr. Young. Is it the wish of the other members of your delegation to add to this statement?

Mr. YOUNG: I would like to give them an opportunity, Mr. Chairman.

Mr. PATTERSON: I do not think we have anything to add at the moment.

The CHAIRMAN: Are there any questions to be asked now relative to the number of members? I would point out, before we start this, that part of this matter, as you will have noticed, is related directly to the Board of Grain commissioners. That does not mean members of the committee cannot ask questions on it, but I wish members would keep their questions to what is contained in the brief.

Mr. MURPHY (*Westmorland*): Mr. Chairman, I would like to know more about the delegation, which says it is acting as spokesmen for more than 200,000 farm men and women who are members of the union. Could you give me an approximate breakdown of this figure and indicate from which provinces they come?

Mr. YOUNG: We have within our borders slightly over 62,000 members in our union. The other gentlemen can give you their figures. I have not got them.

The CHAIRMAN: What is the figure for Alberta?

Mr. YOUNG: Sixty-two thousand.

Mr. MURPHY (*Westmorland*): And for Saskatchewan?

Mr. HANSEN: About 20,000 farm families making a total of about 45,000 members.

Mr. MURPHY (*Westmorland*): And Manitoba?

Mr. PATTERSON: In Manitoba, at the present time, approximately 25,000.

Mr. MURPHY (*Westmorland*): Members?

Mr. PATTERSON: Members.

Mr. MACKENZIE: How are we going to differentiate between members and families.

Mr. PATTERSON: Husband and wife are both members. "Members" means the family because of the family membership.

Mr. POMMER: Covered under one membership?

Mr. PATTERSON: No. They have separate membership, but we have the farm units as well. We could give you the farm units or the total farm membership.

Mr. MURPHY (*Westmorland*): Your figure for Manitoba was 25,000?

Mr. PATTERSON: It means roughly 50 per cent on an average.

Mr. MURPHY (*Westmorland*): And what is the figure for British Columbia?

Mr. YOUNG: We have a section in British Columbia—a British Columbia block—but we have not got a union all over British Columbia. Our section in the British Columbia block has got approximately 1,000 members.

Mr. PURDY: Can we get this broken down into farm families?

Mr. MURPHY (*Westmorland*): Could I have the figures for Ontario?

Mr. HANSEN: We have not got that with us. We assumed that Mr. Cormack would be here today. He was intending to be here. But we cannot answer that question since he is not here.

The CHAIRMAN: Can you give an estimate?

Mr. MURPHY (*Westmorland*): There are about 75,000 'short'. Maybe the balance is in Ontario. The reason I am asking is because in the report a reference is made to the economic position of agriculture, when really it is the economic position of prairie agriculture or prairie farms and if the inter-provincial farm union is coming here and representing a great number of people I want to know whether they are wheat farmers or just plain farmers.

Mr. YOUNG: I would say in reply to that that we are representing both wheat farmers and other kinds of farmers, and with regard to the figures we give in this brief I would point out that the figures on farmer income refer to the income of all the farmers of Canada. The fact that the farmers of Canada, 20 per cent or over of the population only get 9 per cent of the national income applies to all Canada. The wheat growers are relatively better off, perhaps, than some of the others.

Mr. MURPHY (*Westmorland*): I understand that the general figures refer to farmers but the detail figures refer to wheat farmers as a whole.

Mr. YOUNG: Naturally we are dealing largely with wheat matters because of the nature of the reference but in a general way we are dealing with the problem of all farmers.

Mr. MURPHY (*Westmorland*): Are there any members of this union in the other provinces—in New Brunswick, Nova Scotia and so on?

Mr. YOUNG: No. We have no organizations there.

Mr. MURPHY (*Westmorland*): And you have not got the figures for Ontario?

Mr. YOUNG: I beg your pardon.

Mr. MURPHY (*Westmorland*): You have not the figures for Ontario?

Mr. YOUNG: I cannot give them to you. I have not got them.

Mr. MURPHY (*Westmorland*): Would they be over 50,000 in Ontario?

Mr. YOUNG: Ontario is just commencing to organize and has been active only in the last year or two.

Mr. ARGUE: Do you know whether it is true that you have about 200 farm locals in Ontario at the present time.

Mr. YOUNG: I think that is true.

Mr. ARGUE: And two or three years ago you had practically none?

Mr. YOUNG: Yes, that is so.

Mr. MURPHY (*Westmorland*): Now that this is down to cross examination would you say you had 5,000 members there?

Mr. YOUNG: Yes, I think we have considerably more than that.

Mr. MURPHY (*Westmorland*): More than 5,000?

Mr. YOUNG: I think so.

Mr. MURPHY (*Westmorland*): More than 10,000?

Mr. YOUNG: I would not like to answer for that.

Mr. PURDY: I would like to ask for a breakdown with regard to the farm families. We have been given figures relating to so many members in one province and so many farm families in another. I would like to have it reduced to farm families in each province.

Mr. HANSEN: The membership set up in the farmers' union is somewhat different in each province. In Alberta they have individual membership and family membership. In Saskatchewan we have a family membership under which when a farmer signs up his wife is also a member and his children between the ages of 14 and 21.

I mentioned that our family membership at present is 20,000 farm family units. Our membership is based on an annual membership fee taken out at the time when a farmer signs up and valid until a year later when it expires. At present, as I mentioned, there are about 20,000 farm family units in membership, and that figure includes only paid up members. People whose subscriptions expired a week or two weeks ago and who have not renewed are not included. We have around another 20,000 farm family units who have lapsed within the past two or three months due to economic conditions, which make six dollars pretty hard to raise.

Mr. PURDY: You are making representations on behalf of a number of farmers and we would like to know how that number compares with the number of farmers across Canada?

The CHAIRMAN: May I interject at this point. A figure has been given for Saskatchewan of 20,000 family units; Manitoba, 13,000 families; B.C. 1,000 and Alberta 62,000 individuals. How many family units would the 62,000 represent?

Mr. YOUNG: In Alberta that represents about 42,000.

The CHAIRMAN: 42,000 farm units?

Mr. YOUNG: Yes.

Mr. PURDY: There are only 62,000 people living on 42,000 farms, is that what I understand?

Mr. YOUNG: No.

The CHAIRMAN: What Mr. Purdy means is that the figure 62,000 was given as the total figure, and if there are 42,000 units, consequently there must be 62,000 people living on 42,000 farms.

Mr. YOUNG: I think I can explain that, Mr. Chairman. Under our system of membership, as was mentioned here a moment ago, we have a membership in which the whole family can join, or in which one member of the family can join. We have 62,000 members, but they represent about 42,000 families. In many cases the man alone has joined; in other cases he has brought in his wife, and perhaps some of his children too, but it adds up to 62,000 members for about 42,000 farms as near as we have it broken down.

Mr. ARGUE: I would like to ask a question in order to place before you the complete picture of how the farmers' union is organized as compared to any other farm organization. Is it not correct that you have to go out each year and ask each individual member to renew his membership? Therefore, if I wish to become a member of the farmers' union throughout my life I perhaps have to have 30 or 40 single annual memberships in the farmers' union. On the other hand, if I become a member of the Federation of Agriculture, I simply pay \$1 to the Saskatchewan wheat pool, and I remain a member for the rest of my life. I ask if that is correct, and if it does not explain the fact that the federation in Saskatchewan has far more farm members than there are farms in the province?

Mr. YOUNG: Yes, I think that is correct. Our membership has to be taken out each year. We do not join you up for four or five years at a time like M.P.'s, you know.

Mr. POMMER: Is the \$1 paid by the pool to the Federation of Agriculture an annual fee? Is that paid each year?

Mr. YOUNG: Paid by the pools, did you say?

The CHAIRMAN: The fan is making quite a bit of noise and unless you raise your voices, we cannot hear you at this end of the table.

Mr. POMMER: Mr. Argue said in the membership of the Federation of Agriculture a fee of \$1 is paid by the pool—is that on an annual basis or is that for a lifetime?

Mr. PATTERSON: It is for as long as they are living, and after they are dead as well.

Mr. POMMER: It is not a \$1 a year?

Mr. PATTERSON: No. If they become a member they stay members continuously. Ours is a straight annual membership and the difference in the representation from the farms is because of the fact that some are bachelors and apparently some wish they were, because when they come in and sign they sign for themselves, and do not bring their wives along, nor do they pay the extra dollar for the family as well. The family membership in the union is for the purpose of making it an organization that will include the family. We believe the family farm is essential and that the wife is as much a part of the farm as is the farmer himself.

The CHAIRMAN: I do not think we should pursue a cross-examination of these witnesses on the setting up of the pools. The pools will be here later and will be able to answer our questions. I should also like to interject that

I do not think it is true to say that the dollar fee in the federation applies all over Canada. It is true of the western provinces, but I do not think it is true outside the western provinces.

Mr. PATTERSON: No, we would not want to make a point of that because we are not concerned about how they are financed. The point was brought up that ours was an annual membership.

Mr. PURDY: I have one more question, Mr. Chairman. Do I understand that these farm memberships are represented by families living on the land which they come from?

Mr. PATTERSON: That is correct.

Mr. YOUNG: I might say in addition to that in our organization no one can join unless he is an actual farmer.

Mr. PURDY: They live on the land they come from?

Mr. YOUNG: They may live in town if they want to do that, but they must work their farm and derive their living from them. In Alberta there are comparatively few farmers residing in towns, but it is not impossible.

Mr. QUELCH: On page 6 of the brief in subsection (a) you state that you want to establish a workable basis to enable farmers to deliver grain to the elevator of their choice. Now, if a system were worked out whereby that were possible, then you would not want the alternate delivery point mentioned in paragraph (b); that would only be in the event you did not get the first, would it not?

Mr. HANSEN: On that point, our conception of distribution is according to producer preference—that is, it would not be a hard and fast rule. When the producer indicated his preference in the fall, he would do so realizing that boxcars would be allocated in accordance with his request. During the year he may have a squabble with that particular agent and in that event he would still be free to deliver to another elevator, but he would be taking his chances knowing that boxcars would be allocated according to his first preference. It would still apply in that case.

Mr. QUELCH: It seems to me that if you have two points at which he could deliver, and if he delivered to the alternate one, then it might complicate the deliveries to that point because there would be more deliveries coming to that point than the books would have shown.

Mr. HANSEN: As I said, he would be taking his chances on having an opportunity at the other point realizing of course that he had shown his preference when he got his permit book in the fall.

Mr. ARGUE: Should we not take the report section by section, rather than skipping about?

The CHAIRMAN: It is a brief which is rather general in character in many sections and it would be difficult to stick to a discussion on a page by page basis, but it does not make any difference to me.

Mr. ARGUE: But could we adopt it page by page?

The CHAIRMAN: Could we not take page 14 which is a summary of the main recommendations, and discuss each recommendation in turn?

Mr. MURPHY: We are not going to adopt this report, are we?

The CHAIRMAN: Oh no.

Mr. MURPHY: That is what Mr. Argue said.

The CHAIRMAN: We will now turn to page 14, and discuss the first recommendation listed in the summary of main recommendations.

Mr. HARKNESS: In connection with the first point, Mr. Young, I find that on page 4 of the brief, you state that Canada should adopt a new national agricultural policy that will establish a fair relationship between farm prices

and farm costs. You recommend that prices for all farm products sold on domestic markets be fixed at parity. Later on in connection with export markets you recommend that the price floor legislation be extended to cover all export farm commodities with a fixed formula setting out the amount of the floor price for each farm commodity. What do you mean by a "fixed formula" and what sort of fixed formula do you have in mind?

Mr. YOUNG: Well, we have not worked out a fixed formula, but we recommend that it be done, and that formula would be based upon some relationship to parity. We are not setting out the exact relationship of it, but our idea is—let us take wheat for an example—that the price in the domestic market should very definitely be on a parity basis. And then, in addition to that, there should be a floor price on wheat. That floor price should not be the same as the domestic price necessarily; and in some cases it might be considerably lower; but it should bear some relationship to it, and that would have to be worked out in relationship to price and also to market conditions.

Mr. HARKNESS: In other words, what you want is a parity system established in Canada as far as domestic sales are concerned?

Mr. YOUNG: That is right.

Mr. HARKNESS: And also for export sales, but at a different price level.

Mr. YOUNG: That is right.

Mr. HARKNESS: But your thinking has not clarified itself; that is, you have no definite scheme worked out to present to this committee or to any other body. This is simply an objective which you have in mind, but you have no definite scheme whereby that objective can be secured.

Mr. YOUNG: We have quite a definite scheme as far as the domestic market is concerned. We contend, since we have to buy all our commodities in the domestic market at what we might call Canadian prices, that we should have a Canadian price for farm products sold in this market too.

When it comes to the export part of it, what we require there is a floor price to protect the price from falling to calamity levels in the event of difficult market conditions. But we do not expect to get a parity price on the export market for an export commodity like wheat. Perhaps Mr. Hansen might say a word as to that.

Mr. Chris HANSEN (*President, Saskatchewan Farmers Union*): In regard to this question, we have been thinking of the cost price relationship, and we are very definitely thinking of parity prices as a basis. Parity price means in effect a guarantee that the man who does a job on the farm will receive a price for his product which will enable him to pay for his cost of production plus making a living out of it.

Mr. PATTERSON: Every other group of industry works on a parity formula and parity plus. There are people who believe that agriculture should be able to work and to function on a percentage of parity which, in actual fact, or in actual practice would mean that the farmer—while it cost him a dollar to produce an article—can afford to sell that article for some figure less than \$1. That is quite possible at times. You could show a figure as a parity formula as applied to what as an average over a number of years. You could establish such a figure, but you would not be taking into consideration any fluctuation in the production of that commodity. You might figure out a basis of parity based on a twenty bushel average, or a thirty bushel average. You might do that, with a set charge of rates and overhead in producing that amount, but still have everything else to take into consideration; consequently you might find that you have, in any particular commodity, at any particular time, a profit based on that parity formula. On the other hand, conversely, you

have the possibility that in adverse years, such as we had in 1954 and as could happen in Ontario, Quebec, or any other country—you might have conditions where your production was considerably less than was the anticipated average, and consequently later it would cost you that much more to produce that product.

It is possible at times to produce grain for less than what we might term a parity formula, but only if we can get the cooperation and advantages of natural conditions which would enable us to produce a better than average quantity. That is the basis of our thinking on parity prices. It is essential that the farmer have at least the cost of production, if he is going to stay in business in a long term program,

There are several reasons why it is necessary that he have parity prices. It has become evident, as was aptly demonstrated during the war when we had parity prices or a scheme similar to parity, because of the fact that we had set prices for our commodities and also set prices for the goods and services that we were buying, it enabled us to estimate as to what our overhead and costs were going to be. But since that time prices have been going in upward directions, while our prices have remained stagnant, or in many cases have gone down. If you asked me as an individual if I was in favour of parity prices, I would say that is not my thinking in the business of agriculture. But it has become evident to me, as it has become evident to so many, that unless agriculture has a parity formula in the society in which we are working, and in the society in which we must compete—unless we have a parity formula and parity prices, then it is not going to be possible for agriculture to maintain its position in the national economy.

We argue that agriculture is the backbone of the economy, and rightly so; but unless agriculture is strong—and that does not apply to the western provinces alone, but does apply to the Dominion of Canada—unless agriculture is strong and has a strong economy, then we are not going to be in a position to make the contribution which people of Canada rightly expect us to make to the national structure.

A short time ago the premiers of the Dominion met in Ottawa to discuss a very, very hot issue, not only as far as our economic position is concerned, but because of its implications, not only on the local level, but right through to the whole national structure, and that issue was unemployment. We maintain that unemployment is only a condition which is created because of the inability of agriculture to perform its function and to make its proper contribution to the national economy. If agriculture can remain strong as a buying power, then all these other issues are relevant to that main issue.

Every individual who is out of a job is cutting down not only his contribution from his payroll to the national economy, but he is also cutting down his contribution to the agricultural economy in the goods and services that he can consume and that the farmer produces. There is an argument in support of the theory that Canada has reached its peak in consumption, and that everybody in Canada has the ability to buy, and regardless of what his payroll is, or regardless of what the price is in agricultural commodities. The argument is that regardless of what amount is available, the average individual, the average Joe, the people who make up the population of Canada, are able to buy goods to their full capacity.

We have some interesting figures which were compiled across the line but which I think could apply to our Canadian side as well. Take a family income where an individual or a home is deriving \$1,000 in a pay cheque for a year, he is buying and is consuming approximately \$14 worth of goods per week in food. From \$1,000 to \$2,000 he will consume slightly over \$17 per week. From \$2,000 to \$3,000 he will consume slightly better than \$22 a week. From \$3,000

to \$5,000, \$28; from \$5,000 to \$7,500, in the neighbourhood of \$31; and from \$7,500 to \$10,000 in the neighbourhood of \$39 to \$40 a week. That is based on statistics on the average buying of the people in those varying categories which substantiates our argument that regardless of the fact that we are producing a commodity, and regardless of the purchase price that the farmer is getting, these people who buy our commodity are totally dependent on their pay cheque for this further consumption of agricultural production.

We submit today that the position of agriculture and the position of labour is tremendously tied together, that one is inter-dependent on the other, and we are not in support of the theory that the industrial worker, the city dweller, is opposed in principle to the system and principle of parity prices for the farmers. Because well do the individuals realize that unless the farmer has a dollar at the end of the year to spend they are not going to get their share of it. I was in a bank in one of our good areas in rural Manitoba a short time ago and talked with a bank manager who was very open minded as far as agricultural problems are concerned. He said: "I never believed that one poor crop—not a crop failure—but one poor crop in our area could affect to such a tremendous degree the general economic picture as it exists in our locality; not only the farmers themselves but businessmen and labourers as well".

We submit to you today we have over production because of the inability of the people who need the product to buy more.

Mr. HARKNESS: Mr. Chairman, I know all of us here are completely convinced of the necessity of a stable and prosperous agriculture. I think we all understand quite thoroughly the inter-dependence, or perhaps better, the dependence, of our other industries in this country on agriculture being in a prosperous condition. I do not think there is any necessity for members of the Farm Union to try to sell that point of view to us. I think we are all convinced of that. The question I asked originally was what the specific proposals were, if any, in order to obtain this objective which I think we are all striving towards, and particularly what you meant by the use of the word "parity" here. What I understood from what you gentlemen said is that parity as far as you are concerned is going to be a combination of the price you receive plus the returns you receive, number of bushels and so forth. In other words, I take it from what you said you do not understand parity as it is understood under the United States Parity Price Legislation. Is that correct?

The CHAIRMAN: I do not wish to be too strict on the interpretation of the reference, but I just want to remind our witnesses and the members of the committee that our reference does not cover parity at large although it is quite in order to discuss parity for wheat and grain. I do not mind if we go outside that a bit, but I think it would be more proper not to go into the general parity picture as a whole because it is strictly outside our reference. We can still cover the points by taking wheat and grain as an example.

Mr. PURDY: The witness made the statement that every other industry is protected by parity prices. How would he apply the parity prices to the fishing industry?

The CHAIRMAN: I am sorry I interrupted Mr. Patterson. I think I should give him the floor.

Mr. QUELCH: Mr. Chairman, on that point, does not fishing come under the Agriculture Prices Support Act or a similar principle?

Mr. POMMER: May I ask one question. When the witness referred to parity prices would it not necessitate the control of production if you were going to assume parity prices? I should like your comment on that. I would naturally think if you were basing it on the American plan you would also need to institute some control on grain and livestock as well if you were taking it over the whole scheme.

Mr. PATTERSON: I am going to answer the question on this principle of parity. The gentleman suggested we would take into consideration not only the cost of production of what we had to buy also what we are going to get in the way of crops from year to year. That is a matter where there would have to be a formula figured out that would be workable based on a 100 per cent of parity level. I am going to make just one comment here in regard to our export in wheat. We suggest that parity should apply basically to the portion which is consumed in Canada, that the people in Canada have every right to pay the farmer a cost of production for that product they buy from him in return for the fact that we must pay him a parity price for the goods and services we buy. I am going to suggest this morning, Mr. Chairman, that in the interest of our national economy that that policy should be applied to our total production.

Now, then, come down to the gentleman's suggestion in respect to these prices, the parity and support. Now, there is a difference between parity and support prices. Support prices make it possible at the present time for parity to operate and function. We have under the price support the appropriation of the \$200 million a year to make that support price operative. It is still evident that there is no place or no formula or no time designated by the act when that parity price comes into effect. That is up to the discretion of the minister, or individuals responsible to make it operative. We suggest we already have the machinery there and during the term that support prices have been in effect we have only derived a percentage of what was actually charged under the price support program, because there was, during the foot and mouth disease, a huge amount of money used to carry out the foot and mouth control program. We submit that while this was the procedure chosen to control the disease in Saskatchewan, that the money used should apply to the Dominion of Canada as a whole, this policy was adopted by the federal government, and we do not question the wisdom of the policy adopted. It was evidently a matter in which the end justified the means. It made it possible to completely eradicate the disease from the Dominion of Canada and we do not dispute the method or means that was used to make that possible.

Mr. PALMER: Would it not be a fact that in the maintaining of a parity price you would have to control production as well?

Mr. PATTERSON: Sir, if the time came when that was necessary then perhaps we would have to face that eventuality but until such time as the people in the world are fed we do not suggest that we should reverse our policy of full production. As long as there are hungry people in the world and as long as there are hungry people in Canada...

Mr. PALMER: It is not that easy?

Mr. PATTERSON: It is not that easy. It is a challenge to government today, it is a challenge to statesmanship, it is not altogether a challenge to the farmer.

Mr. ARGUE: Mr. Chairman, on the suggested method of arriving at a price for wheat you have set parity prices on domestic and a support price for export on wheat. Would I be right in saying the objective of the farmers' unions is to obtain a parity price but that a reasonable step towards the objective of parity would be that you would be prepared at this time to maintain a parity price for domestic wheat and a support price arrived at by a formula method, by something perhaps under parity on export wheat?

Mr. PATTERSON: To answer that personally, sir, I would say no, but as an organization that is our stand at the present time. Now, what that percentage would be is a matter for serious consideration.

Mr. ARGUE: Because I refer to this—and I believe it could be shown by the brief. If you take the 12 cents which you state on page 10 would be added to the present final payment for the 52 million bushels of wheat that

were sold domestically at a parity price it is my own personal opinion that the 12 cents added to the final price would still give the farmers a price for wheat that is a good deal under parity with the \$1.30 or so that the farmers now receive at the local elevator plus 12 cents. He has still got a distance to go but it would certainly be worth while if he could get that figure.

Mr. YOUNG: I would like to make a correction there, Mr. Argue. We do not suggest in that brief that 12 cents could be added to the final payment by the application of parity in the domestic market. We did suggest that this could be added to it, making a total of at least 12 cents.

Mr. ARGUE: I see, I am sorry.

Mr. YOUNG: We have shown in a previous brief which we presented last year—not to this committee but to the government—that the result of applying a parity price in Canada which we estimate would raise the price of wheat in Canada by 40 cents a bushel, would make it quite possible to add 6 cents on every bushel of wheat that is marketed in the past and averaged over the last number of years. I do not want it to be misunderstood that we said 12 cents when we meant a total of 12 cents.

Mr. ARGUE: That was my mistake, Mr. Young. This bothers me and I wonder if you could answer it. In asking that the domestic consumer pay a parity price while the consumer outside of Canada, that is, who obtains grain or other products from Canada might buy it cheaper, do you not think there is the danger of the Canadian consumer resenting having to pay a higher price than somebody in Britain, France or some other place and that your object in getting this parity price would be achieved just as well by letting the consumers pay it at whatever the world price might be at the time and the government paying him the difference because it is a matter of whether you tax the consumer who buys the bread to pay the difference or whether you tax the nation out of the treasury to pay the difference. Would it matter too much which method was used?

Mr. YOUNG: Well, in reply to that we feel that since the consumer in Canada has a standard of living which we might consider the Canadian standard of living, the addition of one cent a loaf on the price of bread which would be what is required to give us that parity price on wheat would not be any onerous tax on the Canadian citizen. The price of bread has gone up two cents a loaf in the last few years and the farmers never got one cent out of it. We are getting less for wheat than we got two years ago, but the consumer is paying two cents more for bread so the additional one cent would not make much difference.

Mr. ARGUE: Would the labour unions support you on your request for domestic parity?

Mr. YOUNG: Yes, they have indicated to us that they will. I do not think we want to ask for subsidies where subsidies are clearly unnecessary.

In the case of meat products on account of our relationship with the United States I feel that we want to keep our border open as far as possible for trade both ways and we do agree it is necessary to use subsidies there. We won't probably go into that here but we have envisaged that possibility. But what we are interested in is getting the principle of parity prices in the domestic market established for wheat and other commodities too.

Mr. HARKNESS: What do you estimate to be a parity price for wheat at the present time?

Mr. YOUNG: We would say somewhere in the nature of \$2.15 per bushel. There have been estimates made by economists of the Federation of Agriculture from time to time, but that would be an approximate figure.

Mr. HARKNESS: \$2.15.

Mr. YOUNG: Yes.

Mr. CASTLEDEN: Those who oppose the parity price program maintain that if you made a set price for a farm product that you would encourage the factory farm, the large farm that would take in a lot of small farms and they would go into the large factory farm system. I believe that has been the system in some parts of the United States over the twenty years they have been using a parity price system. How would you get around that problem?

Mr. YOUNG: I think we will have to deal with that problem when we come to it. Mr. Patterson, I think, has something to say on it, but there is one point I would like to make here before we leave it and that is that the parity proposition on wheat, for instance, works two ways. We are asking for a domestic price based on parity. We are prepared to take that when the world price goes down. I do not think this should be a one-way proposition. We are prepared to take that. We have had the experience of being forced to take it through the war and it was not in many cases based on parity then. Now, Mr. Patterson wants to say something on this point.

Mr. PATTERSON: In the matter of support for agricultural products, sir, and to suggest if one were to have parity that this commodity would go immediately into surplus, I suggest that in a good many instances it is because of dire necessity that we have surpluses in some fields. At the present time this applies to our butter situation. Throughout the war and as long as some farmers were making a return on their normal operations they were doing reasonably well. When it came to the time that they had not the money to pay their telephone bill and week's groceries, then they started to look around for cows to milk which they did not like to do but out of sheer necessity they had to go into milking cows. Consequently it produced a surplus commodity in that field. The effect of surplus is caused by need for money and the inadequacy of the individual to make a return out of the normal production of his farm and if his over-all production is caused to drop because of the narrowing down of the margin he attempts invariably instead of growing 50 acres he is going, if possible, to grow 75 acres. If he is going down and going behind on a half-section operation he endeavours to get another quarter-section out of which he can increase his overall output and that contributes to a surplus. As far as finances and the farmer is concerned, he is just contributing to the surplus.

Mr. TUCKER: I was wondering how the farmers' unions would look on the implications of this policy. As has been said by Mr. Patterson if you did this for wheat you would have to do it for dairy products and all other food products. You would have to establish the domestic price for those products. We understand from the dairy farmers they need a higher price than they are able to get today for their butter, cheese, milk and so on, and we also heard something to the same effect in regard to vegetable producers. If you have a domestic price for food products that is much higher than you are selling the same products for abroad then does it not follow that you must give some protection to your workers in secondary industries against persons who are getting those food products cheaper in foreign countries? This would mean it would be said that if you were going to be fair you would have to compensate by giving protection to the people, for example, who are engaged in the industry for the manufacture of farm implements. It would mean that you would have to restore the policy of protecting the farm implements industry. Today we do not protect the farm implements industry, so that our farmers can get their implements as cheaply as anywhere in the world, and more cheaply than in the United States of America.

The question I am concerned about is how far the farmers' unions are ready to go at the present time in following through their policy of farm

protection in Canada. I have listened to what the labour unions have said—that they will go along with this scheme provided that if the cost of living rises their wages go up. Are you ready to go along with that involving the protecting of industry against the necessary impact of this policy?

Mr. PATTERSON: The argument at the present time is all on the side of the farmer so far as the price structure is concerned. Let us take wheat as an illustration. The price of our wheat today—the wheat we sell to the world—is established on the ability of people in underprivileged countries to pay. That is the price that we have to accept, and we apply our domestic price to the people who consume the product here at home, and in turn they are the people to whom we must pay a price for their product and their services based on the standard of living that we have in Canada.

Mr. TUCKER: You did not answer my question. The farmers have asked for years and years that the farm implements industry should not receive protection in order that they might be able to buy their machinery as cheaply as competing farmers in the United States. That policy has been adopted. If you raise the cost of living to the people engaged in the farm implements industry, as this is bound to do, are you ready to give them back that protection? I want to know how far you are ready to go in introducing a closed economy for Canada, bearing in mind that we depend so much on the export market, particularly our wheat farmers of Canada. How far are you ready to go?

Mr. HANSEN: I believe that if the profits of the implement manufacturing companies get down to the level of farmers profits they would be justified in having protection but until that happens I do not think it is necessary.

Mr. TUCKER: That is not the answer. The farm implements industry is not now getting protection. If the cost of living to their people goes up there will be a demand for increased wages and they are going to say “we cannot compete with the farm implements industries in the United States.” You will have the farm implement industries threatening to pull out of Canada and go to the United States or to England, or to Eire, or Germany where they can live more cheaply on the cheaper foods we supply to them. Would you say, then “we shall provide these people, in Germany for example, with cheaper food” and then turn round and buy the implements which they produce while our own people are out of work? Obviously these people who are manufacturing implements, if they are faced with a demand for increased wages on account of the fact that the cost of living is higher in Canada than it is, say, in the Ireland—are going to say “we shall move our factories elsewhere because we can ship our machinery into Canada from outside without having to pay a tariff” and therefore there will be people thrown out of work in Canada.

Are you ready to say “no protection although we realize that this will increase the cost of production in Canada due to the fact that the Canadian worker will have to pay a higher price for food produced in Canada than is paid in France or Britain for the same food”? Are you ready to go that far?

Mr. HANSEN: I do not think it is necessary, sir, because in the United States at the present time their implements are competing with ours on the Canadian market and I believe their labour costs in the United States are higher than ours. Yet they can compete with implements produced in Canada. I do not think that there is any need for protection in that field. Looking at it from the reverse side of the question: at present farmers are not receiving parity and they are not able to buy implements, so the implement companies must stock-pile implements and men are laid off with the result that the people of Canada in general help to pay the unemployment insurance benefits which the men receive. Looking at the reverse side of the question I would point out the need for parity so that the farmers can buy the implements they require from these companies.

Mr. TUCKER: Your suggestion as I understand it is this: you establish a system whereby the domestic price of food will be higher than the price at which you are ready to sell it abroad. That means you are going to subsidize the producer in foreign countries at the expense of the people of Canada. Don't you recognize that if you provide food grown in Canada to, say, a worker in Germany at less cost than you would provide it for somebody doing a job, for instance, in Toronto, he is going to turn round and say "you are providing these people with food at cheaper rates and thereby cutting the cost of producing articles in Germany"? Don't you think we shall have a demand for increased wages as the cost of food goes up in Canada, and that industry in Canada is going to turn round and say "we have got to pay our workers increased wages due to these higher food costs as the result of your domestic policy"? And do you not think there is going to be a very strong case for protection of those industries which do not at present enjoy protection, and for higher protection in the case of industries which already have protection? How far are you ready to go with this business of building a wall around Canada?

Mr. YOUNG: I am prepared to go as far as necessary to get a properly balanced economy in Canada. I am heartily sick of this economy that we have now where one section of the economy, the agricultural section, has always been on a different basis from the rest of the Canadian economy and I think it is time that situation was ended and that agriculture was put on a parity with the rest of the Canadian economy.

I think Mr. Tucker is exaggerating his case. What is to prevent makers of agricultural implements going to Germany right now if they want to establish factories there? We are shipping wheat to Germany right now and according to the figures we have given you here parity on wheat in Canada would add one cent to the price of a loaf of bread. Does anybody suggest that this would make any particular difference to the wages of people in factories, or that it would make any particular difference to the location of factories in Germany and elsewhere. There is the matter of freight and the carriage of the implements to be considered, and the cost of transportation is a much more important factor than the very slight difference indicated by the figures on food costs. As you pointed out if you did it, then we might have to do it for everything else; that is correct, is it not?

Mr. YOUNG: At the present time, Mr. Tucker, the price of other things in Canada—take beef, for instance—is on a completely different basis from what it is in Germany. We cannot ship hogs to Germany because of the difference in price.

Mr. QUELCH: When you ask for a price parity all you are asking for is that the farmers should receive a price for their products that bears a fair relationship to the price of the commodities—not more than the commodities. You are asking only that the price of farm products be brought up to the price of farm products and not more?

Mr. YOUNG: Yes.

Mr. ARGUE: In your opinion if we had a parity price for wheat in Canada, and therefore a much higher demand for farm machinery produced in Canada, would the result not likely be a reduction in the unit cost of equipment produced? Is not the trouble in the farm implement industry today due to the fact that the farmer is broke, and if a parity price would restore purchasing power to the Canadian farmers, the farm implement industry could resume full operations and put the workers back to work. I ask if you do not think machinery could be produced at a lower unit cost when the factory is producing at full capacity than when it is producing at one-half or less of its full capacity?

Mr. YOUNG: I think that is largely correct, Mr. Argue. I think one reason the farmers are not buying farm implements is because in many cases they do not have the money to pay for them. Also, the farm implement industry perhaps over extended itself in the rush of the years after the war, but the lack of purchasing power in the hands of the farmers is largely the cause of the trouble today.

Mr. MANG: I have one question. When Mr. Patterson was speaking, he was referring to the wartime economy and mentioned the set prices and controls which were in existence at that time. In your thinking have you given due emphasis to the fact that during the time the economy was rationed we had set markets and we operated under contract. We knew how much wheat we were going to sell, and where we were going to sell it. We knew how many hogs and how much bacon was needed and so forth to the degree that we reduced our wheat acreage, for example, from 25 or 26 million down to a little over 18 million, and we adjusted our economy to suit these set markets and set contracts. Under a system such as you advocate would you give consideration to the fact that it will be necessary to get some set markets in order to make this parity scheme practicable? The point is have you given due consideration to the fact that during the wartime economy, we had set contracts under which we operated?

Mr. PATTERSON: If you will pardon me, sir, I would like to go back and make a brief comment on Mr. Tucker's suggestion which ties in with your question with regard to the establishing of a parity principle. I would suggest, gentlemen, that that principle has already been established for some considerable time. We must realize that we have \$200 million set aside every year for agriculture, and we only use a trifling percentage of that total amount and that 20 per cent of the people in Canada live on farms, and constitute the whole agricultural economy. On the other hand, the gold industry is enabled to operate on a parity basis by contribution of \$14 million per year to slightly less than 2 per cent of the population of Canada.

With regard to your suggestion that the wheat acreage had to be reduced I cannot go into the figures per year, but I think you will find that the reduction took place prior to the war—right at the start of the war, perhaps. As time went on, we increased our total acreage and production. The acreage went back into production of wheat; at that time we were not stressing the dollars. Our emphasis was on feeding the people who needed to be fed. That was the challenge to agriculture and agriculture met that challenge. In order to do that and to get into full production we had to take the pensioners and the old folks out of town and bring them back to the farms and put the extra acres into production.

I do not think we need to be concerned at the present time about over producing to that extent. The condition is still the same, and I hesitate to suggest that it needs a war to reverse the picture in order that we should again go back into full production. We should be busy finding the place and seeing that the people who need the food get it, and we can still, here in Canada, have full production before we feed these people.

Mr. MANG: But we did have set contracts and set markets which we do not have today in the highly competitive state of our international grain markets and markets in general?

Mr. PATTERSON: We had contracts to perhaps some extent, but not prices binding on quantity.

Mr. MANG: Well, take bacon for example—

Mr. PATTERSON: Yes, we produced all the hogs we could produce, and we asked every one to go into full production. In Alberta they went into the production of hogs to a terrific extent.

Mr. TUCKER: To make sure that I understand the position of the farm unions in this matter, because I have been very concerned about it; on page 4 you say that industry takes advantage of tariff protection and price maintenance agreements of various kinds and that these various expedients have placed other industries and other labour groups in a more favourable position than that occupied by agriculture. You take the attitude that that should be definitely accepted as the existing state of affairs and I take it you have no objection to the farm implement industry receiving the same sort of protection other industries receive, and to which they might feel they are entitled, because their costs of production were raised on account of labour demanding higher wages, due to the fact that the cost of living in Canada rose higher. On account of this policy I take it you have no objection to the farm implement industry again getting production?

Mr. PATTERSON: If the time came when that was necessary I would say it was time to again take a real good look at the overall economic structure. At the present time we are not concerned about that and it might be that we will have to reverse and cut back production if the time comes when it is proven that we are over-producing. We maintain that at the present time our machinery is costing us more because of the fact that perhaps 40 or 50 per cent of the productive capacity of the factories is not being used but we must in the purchase of that machinery pay a price which will guarantee the operators a remuneration not only for that part of the plant which is operating but also depreciation on the rest of the plant.

Mr. TUCKER: That is not right, because if they want to charge you more than producers in other countries you will buy your machinery from them, so there is no guarantee to the farm implement industry in Canada today. If they want to charge more than other competing manufacturers, they will not sell a bit of machinery. Your statement is therefore not correct because we have wide open competition from the United States, Germany and other countries. The question is whether you are actually ready to start the other trend of thinking—that farmers should enter the field demanding protection and are ready to give it to others—that is the question about which the farmers are apparently making up their minds—and I am wondering how far your thinking had gone on the subject.

Mr. PATTERSON: In the case of extreme necessity it has been necessary for some of us to readjust our thinking, but while I am on that point, I might say that agriculture implements are only one thing for which we pay. We spend considerable money for other goods and services which are protected and we have the tariff and the support for many of these commodities and that is responsible for the price level we must pay for these goods and services. When you come back to the matter of the establishing of the parity principle I submit that the parity principle has already been established, and evidently in the interest of our national economy. They are not only thinking perhaps in terms of the men who work in the mines, or the men who work in the electrical manufacturing industry and in the manufacturing of various other products. They are interested in the overall economic position and in order to bring a guaranteed stability to the national economy, they are prepared to subsidize certain industries which get into difficulty from time to time. But as far as agriculture is concerned, I think we are in a different position to that of any other industry in Canada. I do not say that in asking for favours they are casting any reflection on any other group or industry. It is necessary, in order to understand the whole situation, that other factors which the farmer must contend with or compete with be thoroughly analyzed and studied in order to reach a common level.

Mr. TUCKER: There are other things which the farmer has to buy, such as clothing. Right now the Canadian clothing industry says that it has to compete against the clothing industry of Great Britain and it is asking the government to put on tariffs on textiles so that it can stay in business. But the government has refused because they think that if we are to sell our wheat and other commodities abroad, if we start to keep out British goods, then they will buy their wheat elsewhere.

Would the farmers whom you represent be prepared to see the same principle apply to the clothing industry that you ask to have applied in regard to the farmers; that they should be put on a basis of parity so that they can charge for their clothes enough to keep them in business in Canada?

Mr. YOUNG: In reply to Mr. Tucker in regard to farm implements, according to the figures which I have studied in regard to the farm implement industry and the question of farm implement labour, the percentage that is used which enters into the cost of farm machines is falling year by year. Labour is becoming less of a factor in the price of farm implements. It has gone down very considerably in the last five years; and to suggest that the price of farm implements might have to be raised because of any small increase in the cost of living in Canada which is charged in the prices to the farmer, is rather absurd. Protection from whom? Do they need protection from the United States where the standard of living is already considerably higher than it is here?

We suggested three years ago that you should investigate the farm implement industry in this country. I think it needs a thorough investigation. And on this general question, as we pointed out in the brief, long ago the farmers of Canada offered to produce in competition with all the world if they were given free trade. But that has been completely denied to the farmers of Canada. It is true that the tariff was taken off farm implements, but farm implements are not the only things which the farmer has to buy.

Now, coming to your question about the clothing industry, that all ties in with the whole picture. If you are going to have an economy that is regulated in one part in relation to the others, you must take into consideration all the different parts. We are not prepared to admit that the clothing industry requires any more protection than it has at the present time; and if you will take a look at the tariffs, you will see that it already has a very considerable protection.

Mr. TUCKER: I have heard that argument used very much; but it is not true that while the actual labour in the factories turning out the furnished product has gone down, in view of the fact that more and more component parts have been brought in ready to be incorporated into the finished product, is it not true that the entire cost ultimately comes back to the cost of some sort of labour? The amount of the labour cost which goes into the machine is ultimately determined by the cost of labour which produces all parts, the lumber, to get it out of the bush, and to cut it up. The cost of the coal which you use in the factory is determined by the cost of labour at the mines, and of transportation. The cost of your steel is determined by the cost of the labour to mine and fabricate it. Even your taxes are determined by the level of the cost of labour, because you must pay people engaged in working for the government and for the municipalities reasonable pay as compared to people working in industry. So the argument about the small contribution which labour costs makes to the cost of the finished product is an argument that basically is not true. Is that not correct?

Mr. YOUNG: I would like to say that I think one of the things you seem to be over-looking, Mr. Tucker, is the idea of the modernization of industry. The fact is that today a great many of the processes which were once done by hand in the factory are now done by automatic machinery.

Mr. TUCKER: Yes, but somebody had to make those machines.

Mr. YOUNG: Yes; but those machines once made will make hundreds and thousands of parts, may be millions. I do not think that that argument is too sound.

Mr. TUCKER: What item of cost is not governed ultimately by the level of the labour cost? Can you mention any single item which goes into the cost of any machine which is not ultimately determined by the level of the cost of labour? Can you mention a single thing?

Mr. PATTERSON: We could go into that and we will go into it. If you want that material, we will submit it to you. But year by year the proportion of the consumer's dollar which goes back to the producer of the product is continually getting less. While there are less people involved in the production or processing of a product, there is less and less of the consumer's dollar going back to the original producer. In other words, it is becoming much more profitable, as the fellow has said, to milk the farmer than to milk the cow.

Mr. QUELCH: Is not the simple answer the fact that when prices are big, the machine business is at its very best; but when farm prices are going down, then the machine business gets into a slump. I think that is the simple answer to it.

Mr. PATTERSON: We have met with various groups in the last few months and we have asked them for their opinion with regard to the price relationship today on the buying-power of the farmer, which reflects a very particular branch of the economy, and the answer, without any exception, is the same.

Mr. TUCKER: I noted very carefully, when it was said before by the farm union organization that labour was behind this, that the answer that they gave was very carefully worded. They were all in favour of parity prices provided that they received compensation if it resulted in any way in a rise in the cost of living to them. Of course we must realize that if some system of a closed economy brought about the raising of food prices in Canada above what they would otherwise be, thus bringing about an increased cost of living, that would bring on an increased round of wage increases—just as we found in the case of the freight rate—it all goes back to the farmer again. I think it all comes back to this, whether we, as a country which depends so much upon exports, are going to embark on the policy of trying to close our economy and bar out imports and regulate our economy. I was very curious to see that the western farmers according to you, are coming around to the view that we should rely on the state to do things like that bearing in mind that the farm voters make up one fifth of the voters of Canada. I still doubt in view of this whether the farmers of western Canada are ready to start competing in a game of having the state adjust their income.

The CHAIRMAN: Order.

Mr. HANSEN: Mr. Chairman, may I say a few words. Labour and farm groups have been mentioned in support of this principle of parity. I just wanted to mention that a number of chambers of commerce and boards of trade in western Canada have now endorsed the principle. I have with me a resolution formulated by a number of chambers of commerce in Alberta which are in support of parity.

The CHAIRMAN: Could we move on to the next point. The clock is moving pretty fast. We usually adjourn at 1.00 o'clock. I am afraid I miscalculated; I

thought we would dispose of the Farmer's Union this morning. We have had a very general discussion now, the rest is detail. Are there really many questions to be asked on the other aspects?

Mr. YOUNG: We are quite prepared to stay here for a few days.

The CHAIRMAN: The members have engagements in other committees and in the House, and this is a special day. I do not want to be too hard on the members.

Mr. TUCKER: What is planned for tomorrow?

The CHAIRMAN: There are two meetings planned for tomorrow, one in the morning and one in the afternoon. Perhaps we should go on until 1.00 o'clock and see how much is left. Is that agreeable?

Agreed.

Mr. CHARLTON: Could we have a meeting this afternoon or evening?

The CHAIRMAN: Not this evening. If we can finish this morning then we will not have to meet until tomorrow.

Mr. CHARLTON: This is relevant to the subject I brought up the first thing this morning. You are proposing to have two meetings tomorrow, one in the forenoon and one in the afternoon.

The CHAIRMAN: Yes.

Mr. CHARLTON: And it is likely that the bills having reference to agriculture will be in the House tomorrow.

The CHAIRMAN: I will have a conference with the leader and try to arrange it differently. The idea is to have the P.F.R.A. bill this afternoon or evening, and that is why I planned only one meeting for today, this morning. Tomorrow I think they are going on to something else and not on those bills. At any rate I will see the leader. I quite agree with you if at all possible I do not think we should meet while these bills are before the House. We still have 25 minutes. If we could go on until 1.00 o'clock possibly we could adjourn until tomorrow.

Mr. HARKNESS: There is one other point on these general proposals I would like to raise, Mr. Chairman. I think that one of the inherent basic difficulties in these proposals is just hinted at the top of page 5 where you say:

Full-scale production should be encouraged except in the case of temporary surpluses when the application of production and/or marketing quotas might be considered advisable.

Is not the actual situation this that as long as the price is favourable you are in Canada, as far as agricultural production is concerned, never going to have a temporary surplus; they are going to be permanent surpluses. In other words, we have the capacity here to always produce a great deal more food than we can consume in this country at the present time or in the foreseeable future. As a result if you have a sufficiently good price so that people can make money at it you are always going to have surpluses to the needs of our own country and therefore your parity price proposals are going to apply only to a certain segment of our production and the rest is going to have to be exported at lower prices. In order to prevent these big surpluses I do not think there is going to be any question of having production and marketing quotas just very occasionally from time to time. I think if you put forward this proposal you have got to accept the fact that you would have to have production and marketing quotas as a permanent feature of our agriculture. In other words, agriculture would cease to be free. An example of what would be found to happen is in Alberta at the present time if the price of hogs were sufficiently favourable you would have a production of two or three times as many hogs as at the present time. Take my own case;

three years ago I was raising 1,000 hogs a year, at the present time I am not raising any. If the price of hogs went up 10 cents over what it is now I would immediately be raising 1,000 hogs a year again and a whole lot of other people would be doing the same thing to a lesser or greater extent. That will apply to every other type of agriculture. As long as your price is big enough you will have a big surplus. It seems to me in your thinking in your brief you have not accepted the fact that in having parity prices we will have marketing and production quotas.

Mr. YOUNG: In reply to that, what you envisage might be a fact. In that case, as far as I am concerned, we would be prepared to accept the consequences of it.

Mr. HARKNESS: In other words, you are prepared to accept a thorough state controlled agriculture?

Mr. YOUNG: I wouldn't say that it was necessary to go as far in that direction as you seem to envisage. Just the same the marketing quota might be used as a means of putting some restriction on production. Take, for instance, the question of hogs which you have raised which is not perhaps the thing we are supposed to discuss here. I am in the hog business too.

Mr. HARKNESS: I raised that as an example because I happen to know how it works out.

Mr. YOUNG: As far as wheat is concerned you have the factor of the weather which makes it much more variable and there is also the fact that wheat could be stored. But in the case of hogs if you had a favourable enough price it would probably be correct to say you would get an increased production.

Mr. HARKNESS: As far as wheat is concerned we always have a big export surplus.

Mr. YOUNG: Yes, but have always been able to find a market for it at some price at any rate.

The CHAIRMAN: May we go on to No. 2?

Mr. TUCKER: There is one point I would like the witness to deal with. A great deal has been said about it and I wondered what Mr. Patterson had in mind about it. He suggested that while there were people who were hungry in the world there should be no thought of putting quotas and controls on the production of the Canadian people. A lot of people who are hungry today have absolutely nothing to give us for the food products that we already have in oversupply. I was wondering what the idea of the farmers' unions was in that regard,—is it that we should buy the food products from the Canadian farmers and give them to these people and tax the Canadian people generally for a system of feeding these teeming populations that are hungry today or what you had in mind in that regard?

Mr. PATTERSON: Mr. Tucker, that was the point that I brought up and my approach to the situation is still the same. You suggest that these people have nothing to give in return for the goods that we might supply them. I suggest they could give us a terrific amount of trouble if they remain on the bread-line.

Mr. TUCKER: You mean provide them with the food to keep them quiet—is that the idea?

Mr. PATTERSON: I would suggest that rather than being concerned about having the munitions that are necessary to keep these people quiet that we have the food they need and they would be quiet and happy.

The CHAIRMAN: Let me suggest this is under No. 4.

Mr. CASTLEDEN: On the matter of parity you painted us a picture that agriculture today is in a poor position—the costs of operation are constantly increasing and your returns are constantly decreasing. What is going to be the predicament of agriculture if those trends continue for a couple of years so you are not going to get any stability in agriculture? Will it mean that people will have to leave the farms, that agriculture is going to become you might say bankrupt? At the census in 1931 we had 37 per cent of our people on the farm but the census of 1951 showed we had 20 per cent on the farm. What is your estimate of what is going to happen to agriculture unless something is done, what is going to be the predicament of agriculture if there is nothing done to stabilize prices?

Mr. HANSEN: I believe one reason why certain farms are constantly growing in size in Saskatchewan is because people today must farm a larger acreage to provide a living for themselves and that is why we have the problem of people leaving the farm. This year it has been the case again, particularly in the northeast. I know of dozens of cases where people have left their machinery standing on high ground and gone to Kitimat, B.C., to get a job because there is no chance to meet their needs and they are just going deeper in debt each year. I know of cases at Porcupine Plains where due to recurrent flooding conditions in the last three or four years they cannot even sell the land. They are getting out and are coming back to the land eventually when conditions are better and prices better, and these natural causes have also been a factor in encouraging farmers to produce more to attain the same end, you might say.

Mr. CASTLEDEN: In other words the farm control or factory farm system will increase?

Mr. HANSEN: They are increasing, yes.

Mr. YOUNG: I think in reply to Mr. Castleden's question if something is not done to improve the relative position of agriculture we will have a great deal more difficulty in the future. We will have a lower standard of living for the farmers, their purchasing power will be reduced and I think further than that which is very serious for Canada we will have more of a tendency to mine the soil not to keep up the soil as it should be kept up. That is something I have always noticed during periods of low prices. I think in the thirties we did more damage to our soil than we have ever repaired since. Under those conditions farmers take everything out of it and put nothing back because they can't afford to put anything back. You were drawing your money out of the banks, drawing the fertility out of the soil and selling your products for nothing because you had to do it. That is one of the bad results you can obtain unless a better balance is restored to agriculture.

The CHAIRMAN: Can we get back to the brief now, No. 2? Any questions on it?

Mr. ARGUE: On page 2. I have listed a number of items that it is suggested might be answered and I wonder if I might ask a question or two on the item entitled "Box-car allocation." We have had some discussion of box-car allocation in the House. I am wondering how much of a problem the farmers' unions feel it is and whether the farmers do feel that they are being forced to deliver grain to an elevator other than their own choice and whether there is a genuine and growing demand amongst farmers who want to obtain legislation so that they do in fact have a chance to deliver grain to the elevator of their own choice? Is it a synthetic demand, a demand that somebody has created or is it a genuine demand among prairie farmers to get a bad situation corrected?

Mr. HANSEN: The Saskatchewan people are very concerned about this point because they feel there is a principle involved. They feel it is the basic right of a producer to be able to deliver to the elevator of his choice they feel the way it is being done now when box-cars are distributed, to a point equally among elevator companies that some producers are forced to go to another house despite their preference—they have no say in the matter. They are forced to deal with the person who has the room and I am sure if you took a poll of farmers in Saskatchewan, wheat producers, you would find that 75 per cent of them at least feel that this is a principle that must be established. It has come up during recent years in time of congestion but it is something that must be looked into very thoroughly because people are becoming quite alarmed about it.

Mr. ARGUE: What percentage of producers would you say support the suggestions advanced by the Wheat Pool organization as to a method by which box-cars can be allocated in such a way that farmers can deliver to elevators of their own choice and more specifically my question is to what extent do producers support the suggestion that box-cars be allocated on the basis of a weighted acreage vote by the producers concerned?

Mr. HANSEN: Our annual convention passed a very general resolution . . .

The CHAIRMAN: Are you talking about Saskatchewan or the Interprovincial Council?

Mr. HANSEN: I am talking of Saskatchewan. We passed a very general resolution on this question that box-cars should be allocated so producers would have the opportunity to deliver to the elevator of their choice. Certain members of the board met with the Wheat Pool to work out what we thought would be a proper system of implementation and we have as a union in Saskatchewan endorsed the proposals put forward by the Wheat Pool and are working hand in hand with them.

Mr. ARGUE: Do you know of anybody in Saskatchewan or any other part of western Canada who is opposing the suggestions of your organization or the pools?

Mr. HANSEN: I have never heard of any opposition.

Mr. MANG: To what extent in your opinion would the farmers be prepared to tie themselves up to one particular elevator whether it is pool or not for the duration of the crop year? I mean, specifically declare: "This year I am going to haul all my wheat to a certain elevator." In your opinion how would that angle appeal to the farmers, to tie themselves to one man, one elevator regardless?

Mr. HANSEN: We did not and I am sure the Wheat Pool did not envisage having a policy whereby the producer would indicate that they were going to haul all of their grain to one particular elevator. We feel that he would indicate a preference and box-cars would be allocated accordingly. In case he got into a dispute sometime during the year and wished to switch to another house he would do so recognizing that box-cars would be allocated according to the original preference he had given.

Mr. MANG: If he then goes to other elevators due to disagreement or due to the inability to get sufficient box-cars there and he goes to other elevators, wouldn't you be back to where you started; I mean, you are using all the available elevator space there is, the individual you want to do business with. I am just looking for an opinion. I am as much interested in box-car distribution as anybody, but there is just that point—how willing is the western farmer to tie himself to one elevator and one man in the practical operation of this

idea? You mentioned preference. Well, if you do have leeway there it is immediately put back to where you started and you will still use the other elevator.

Mr. HANSEN: I don't think so, sir.

Mr. MANG: Maybe not, I am just looking for information.

Mr. HANSEN: When he has indicated his preference he does so recognizing, as I said before, that box-cars would be allocated accordingly and only in cases of a severe dispute, I suggest, would a farmer decide to switch houses. You don't find them switching houses too often except when they are forced to switch houses because of lack of room at the point where they prefer to deliver their grain.

Mr. TUCKER: Can you give me any information as to this situation? We will take a district which was 100 per cent in favour of the pool so all box-cars would be allocated to the pool in that district and suppose there was one pool in that district and suppose there was one pool elevator and three others at that point and all the box-cars allocated to the pool. Assume a period of shortage of box-cars due to inability to dispose of the grain the pool elevator would be filled even if they had all the box-cars available at that point? Now, what is envisaged in regard to the position of the people who run the other elevators? I put this in an extreme form just to indicate the problem. In modified form it will arise where a pool elevator is full in spite of getting all the box-cars or practically all of them. Farmers will then wish to bring in grain to other elevators which will issue tickets for it. Is it the farmer's wish to have this done regardless of what has been done to provide space at such a time by the U.G.G., and others, or what do they have in mind? When they allocate all the box-cars to one elevator company it is pretty hard to expect the other companies to take delivery of grain. Even if they vote to give all the box cars to one company you say now they can go to the other companies. What position does that put the other company in?

Mr. HANSEN: Does this principle not really bring back an element of competition between companies? You note that I do not specify that producers should indicate a preference to the pool. They may indicate a preference for UGG or the Searle grain company and I am sure the example you quoted is somewhat extreme. In times when we did not have congestion that never happened. They still average out. Farmers had the right to deliver to the elevator of their choice. In times of congestion if box cars were allocated so that delivery could continue to the elevator of choice I maintain that it would bring back an element of competition between companies.

Mr. DINSDALE: I would like to ask Mr. Patterson if he finds this problem is widespread in Manitoba?

Mr. PATTERSON: Yes, to a considerable extent. I think the point presented by Mr. Tucker is, as was said, an extreme one. In effect, if that were done in Manitoba and that principle were established it would merely be going back to the situation prior to restrictions and prior to quotas and everything else when the producers decided for themselves where they would deliver the grain. I think that, absolutely and fundamentally, is the objective of the Wheat Board and the Board of Grain Commissioners—to give the farmer the utmost of service in that regard. I am not attempting to speak for them but I think that is basically the purpose and object. Coming down to the matter of one elevator or one car, it deprives the individual of that privilege and of that right to deliver to the elevator of his choice. In other words, to say by the allocation of cars to a district how many cars are going to go to UGG or the pool or to any other line elevator in that area, is we think, not fair and I don't think anyone will agree that it is quite fair, but it is certainly a desirable procedure to have that established so that they can have their

choice as to delivery point. Supposing that they all vote to support one elevator regardless of what policy is involved, there is bound to be a certain amount of judgment incorporated in the whole picture on behalf of those people who are doing the job.

There is one other point I may touch on, and that is the matter of one elevator in one point, that is, alternative delivery points and that is where we come to the point where an individual gets into difficulty with his elevator and there may be discrimination involved and so on and it may have a tendency periodically to upset the delivery picture. But where there is one going to one elevator there is another going to another and it would average out in the general pattern.

There is the question whether it is advisable. I ran across an elevator some time ago where the individual concerned has not been able to deliver one bushel even of his own unit to his own elevator.

The CHAIRMAN: May I make a suggestion at this point? The farmers union have stated their position. They are supporting the wheat pool suggestion. Possibly we could wait until the Pool gets here to state their position, unless members of the committee have specific questions to put now...

Mr. DINSDALE: I have just one brief question, Mr. Chairman. Would you say that the "one for one" formula has been generally applied in Manitoba?

Mr. PATTERSON: No, I do not say it has been rigidly adhered to but we have had complaints that that has been the practice and I do know that to some extent it has been in operation not only in the matter of delivery to elevators. I happen to be at a competitive point but we never have any particular trouble in that regard. But I cannot see why, when a quota is opened, those people down here should have to haul their grain ten or twelve miles to my elevator—though it is to my advantage of course—and go to the extra expense of doing that, and deprive their elevator of giving that service and getting the benefit of it.

Mr. ARGUE: I should like to ask, Mr. Chairman, whether there is a serious result of the present method of box car allocation at a point where one or more elevator companies ordinarily would get a relatively small percentage of the amount—that not only with the distribution of box cars does it result in all elevators being full and therefore high storage payments going to each elevator, but does it also not tend to encourage the construction of elevator facilities where the majority of farmers do not wish to patronize those elevators. What I have in mind is this. Let us take a good elevator point for example. You have elevator B which of four is the least desirable and is worn out. Then they build a \$75,000 elevator not in the hope of getting normal business, but in the hope of filling a new large elevator with grain on which they collect storage at the point of the elevator. I am asking if these large storage payments to the elevator companies which ordinarily would get a large part of the business contribute to the problem?

Mr. HANSEN: I feel it is definitely a contributing factor throughout Saskatchewan particularly, although I cannot speak of Alberta and Manitoba. In Saskatchewan there has been a certain amount of rebuilding of elevators and annexes and so forth, and in some cases where congestion is relieved you find producers swinging back to the points for which they originally had preference, and these new elevators are not going to be filled if farmers have an opportunity of delivering to the elevator of their choice. In my own home point, we had four houses previous to congestion. One house got almost 60 per cent of the grain, and the rest was divided among the other three houses, that elevator is now getting 40 per cent of the grain—it has been reduced considerably. It is a large house, but the others are reaping the benefits, you might say, by getting a larger percentage of the grain.

Mr. ARGUE: What point is that?

Mr. HANSEN: Theodore.

Mr. HARKNESS: Is it not a good thing that something is being done to encourage the building of elevators, because with the increased production of grain we need them?

Mr. HANSEN: Yes. I think it should be encouraged in the elevator to which the producer prefers to deliver.

Mr. MANG: I have one more point to make on the practical side of this question. I am as interested in the distribution of boxcars as anyone, but we are now in a period of very rapid harvesting machinery. The practical point I wish to raise is that when we have our combines going full swing, it would take but a few days to fill a particular elevator. Is it physically possible for the railway company to ship in enough cars to keep that elevator going 24 hours a day in order to handle the grain in this particular way? Will it not resolve itself into the practical solution of using the elevator space available at that point? I am looking at it from the practical angle. We can fill our full loading space at Edenwold inside of a couple of days. Are we going to wait until the railway company comes to the elevators or will we use the loading space available?

Mr. ARGUE: Who gets the boxcars? That is the point, I think.

The CHAIRMAN: Now, gentlemen, it is one o'clock, and I think we should adjourn. The only reason I apologize for holding you three more minutes is because I want to know what to do this afternoon. Some have raised a question concerning the fact that the leader of the House has announced that P.F.R.A. might come up this afternoon, and some of the members have expressed objection to the committee sitting while there is an agricultural bill before the House.

Mr. ARGUE: I would suggest you straighten that out because in addition to the P.F.R.A. there are two other bills dealing with meat grading and export trade and meat production. I feel those bills should not be considered in the House while the agriculture committee is sitting. Can you not jockey it around?

Mr. QUELCH: If you could ascertain that we will not consider agricultural bills today, we could meet at four o'clock.

The CHAIRMAN: Yes, but you are asking a big question, because the leader has already given his word and the parties will be prepared to discuss these bills and if he comes with other bills there will be objection in the House.

Mr. TUCKER: He has already stated the business for the day and I do not think he can be expected to change it.

The CHAIRMAN: Perhaps these bills will not come up until this evening; the bills in question are not the first bills to be considered. There are two other measures before them.

Mr. STICK: Why not adjourn the committee to the call of the chair?

The CHAIRMAN: I shall see if there is a chance of meeting. We could meet for an hour, from three to four.

Mr. ARGUE: That's right. Let us continue for an hour from three to four and we would be in the clear.

The CHAIRMAN: Or we could adjourn until tomorrow morning at 10:30 in room 277. But if there is a meeting this afternoon it will be in this room.

AFTERNOON SITTING

MAY 23, 1955.

3.15 p.m.

The CHAIRMAN: I see a quorum. We will proceed where we left off at 1 o'clock. I have checked with the business of the House and it is quite apparent that none of the agricultural bills will come up there now until 4.30 anyway, so it is my intention and I would ask the cooperation of the committee to try and complete the business before that time, before 4.30, and then you are quite sure that the agricultural bill will not be before the House.

I believe we had just started with part 2 of the brief. Should we go on to part 3 or are there any questions on part 2?

Mr. CASTLEDEN: We were discussing the matter of box-cars and their allocation. The question I wish to ask the farmers' union representatives is this: has your organization been able to find out who is responsible for the spotting of cars at delivery points to the elevators either on the basis of one to each elevator or three to two or whatever it is being spotted as between points where there is a single elevator with two delivery points, where there could be a great number of cars spotted at one elevator and none at the other? I have had some difficulty finding that out.

Mr. HANSEN: As I understand it, the present distribution depends to quite an extent on the Wheat Board's orders for cars in accordance with the grades required to meet the market and I believe the allocation of cars to each point is pretty well left to the discretion of the railway company, Canadian National or Canadian Pacific, as the case may be.

Mr. CASTLEDEN: The railway company or the crew of the freight train? Has the freight crew got the right to deliver wherever they wish or have they definite instructions to leave so many cars at each elevator or at each point?

Mr. HANSEN: It is pretty flexible. Sometimes I believe the crew are the deciding factor and in other cases the agent, but it is pretty flexible.

The CHAIRMAN: You are just giving your own opinion or was that discussed with the proper authorities? You are giving your experience?

Mr. HANSEN: Yes, but we did discuss this with Mr. Milner, who is the Transport Controller, and I might say Mr. Milner has taken up cases when they were referred to him—complaints from country points referred to him and he has investigated where there was a specific complaint.

Mr. CASTLEDEN: Do you know whether or not he has the right or power to direct cars to be spotted at different elevators?

The CHAIRMAN: May I suggest that this question would be far more profitably asked of the proper authorities because they will appear before us at a later date.

Mr. CASTLEDEN: I was asking whether the farm union officials had any information on their own.

Mr. YOUNG: The only information we have got is what we get from Mr. Milner or the Wheat Board and our information is that in the absence of any other overriding instructions the railway companies have adopted the method of one elevator one car as a distribution system, but there are a lot of cases where special orders from the Wheat Board for certain grades of wheat will override those other methods.

Mr. TUCKER: Mr. Chairman, there is one question I would like to ask the representatives of the union. On page 6 you say:

"Accordingly, farmers want provisions inserted in the Canada Grain Act whereby they may state their delivery preference to the Board of Grain Commissioners, who, in turn, will be authorized to determine an annual cycle of car distribution for each delivery point and to notify the elevator and railways of such cycle."

As I read the Canada Grain Act governing the order book system that proposal would necessitate the repeal of the car order book sections of the Canada Grain Act because they would be in conflict quite often if those changes were put in the Canada Grain Act as suggested by you. In other words, the Canada Grain Act definitely provides the procedure laid down to carry out the car order book system and this would lay down a different system of providing cars and it could not be left to the railway agents to decide which to observe so it would seem to me you would have to do away with the car order book system laid down by the Canada Grain Act. What is your thinking on that?

Mr. HANSEN: I do not think it would necessitate that because the car order book sections, as I understand it, were set up for a different purpose entirely. It is true today the car order book is being used by farmers in many communities quite extensively to get the proper box-car distribution. They place their names on the list and as their turn comes up they load through a specific elevator. In quite a number of cases that is how the car order book system has been used, but it was not set up for that purpose and I see no reason why the car order book cannot continue to operate if a section was added in the Canada Grain Act setting out a specific method of box-car distribution to each delivery point.

Mr. TUCKER: But if the railways have definite instructions to supply cars on the basis set out in the car order book and then they have instructions also to supply them on the basis of a different system of distribution you can see the confusion it would give rise to and I was wondering if you had in mind that there should be some provision that this should be subject to the rights under the car order book prevailing?

Mr. HANSEN: That could be done.

Mr. TUCKER: Is that what you had in mind; the rights under the car order book to prevail and the other system to be subject to that?

Mr. HANSEN: It could be done but I would suggest that if a system of box-car distribution such as is advocated here were implemented many points which now have the car order book in operation would not have it if they felt the cars were being distributed anyway.

Mr. TUCKER: But your idea is the rights should not be taken away under it?

Mr. HANSEN: That is right.

Mr. TUCKER: Then if under the car order book system some farmers went together and ordered a car and got a car under that system who would decide whether that car would come out of the cycle as ordered by the Board of Grain Commissioners? Would it be left to the commissioners or what? What you are suggesting must be a workable plan...

Mr. HANSEN: That is right.

Mr. TUCKER: Now, who is going to decide who gets the car if there is an existing order on the car order book and there is an order from the Board of Grain Commissioners under which the same elevator may be entitled to a car under the cycle, the system that you are advocating?

Mr. HANSEN: I suggest in amending the Canada Grain Act that the amendments would have to be so worked that they would not contradict existing sections of the act in regard to the car order book. I don't think they would contradict one another if that were done.

Mr. TUCKER: In any event your idea is you want to keep the car order book?

Mr. HANSEN: That is right.

The CHAIRMAN: Going on to No. 3.

Mr. YOUNG: Mr. Chairman, just before we leave that I would like to point out that these sections (a), (b), (c) and (d), as I remarked once before, are all brought forward with the intention of showing to you that there is need for investigation such as would be provided for by a royal commission.

Mr. JOHNSON (*Kindersley*): Mr. Chairman, one point on section (b). I would like to ask the representative of the Interprovincial Farm Union Council if there is a specific point in (b) on the delivery quotas that they would recommend being changed? Have you any specific recommendations in connection with delivery quotas?

Mr. YOUNG: Well, we have under that one recommended here that growers should be given alternate further points at all single elevator points and that is one thing we feel very definitely should be done and there is this question...

The CHAIRMAN: Don't you mean there is alternative delivery at any time of the year?

Mr. YOUNG: Yes.

The CHAIRMAN: Because they are given now the freedom to go to any elevator. They can go to another point if they so wish.

Mr. YOUNG: You mean they could get a permit book at any other point?

The CHAIRMAN: Yes, and what you are suggesting is that he be allowed to go further and to change even after getting the permit, or what do you suggest?

Mr. YOUNG: That was the suggestion—that they be allowed alternate delivery points.

Mr. JOHNSON (*Kindersley*): What was your reaction to the limitation of permits to those who must have their farming operations completely divorced—meaning by that that there was a move last year to prevent farmers and sons who were bona fide farmers in their own right from both obtaining permits. What is the reaction of the Farmers Union Council to that matter?

Mr. YOUNG: I would say that where it was a bona fide case each should have a permit.

Mr. JOHNSON (*Kindersley*): Regardless of whether it was together or separately?

Mr. YOUNG: Definitely, and I think the wheat board has recognized that right. It is true that they held up a lot of applications for these permits, but I know of a number that were granted after investigation.

Mr. TUCKER: How many single delivery points are there in western Canada?

Mr. YOUNG: I think you had better take that question to one of the gentlemen who will be appearing before you later.

Mr. TUCKER: I was wanting to ask this question: as I understand it in the case of single delivery points, you think a farmer should be given a permit to deal either there or at another point.

Mr. YOUNG: That is right.

Mr. TUCKER: That would make that other proposal of a car cycle difficult to administer?

Mr. HANSEN: He would indicate his preference but he would be given the opportunity later if he so wished, as I mentioned this morning, to use the other delivery point in case of a dispute of some kind between himself and the operator.

Mr. PATTERSON: I don't think that is going to be a big factor because whether you have one elevator or four elevators you will find that there is always an element of unrest and dissatisfaction between groups of people, and movement back and forward from one elevator to another. We do not think it will make any difference in the volume that would be directed to one elevator point.

The CHAIRMAN: Does that clear the subject of delivery quotas? Then we shall go on to item (c) "Overages in Country and Terminal Elevators". This matter was dealt with at great length last year in the committee. Are there any questions on it?

Mr. TUCKER: As I recollect it, Mr. Chairman, the wheat pool did not think there was any change necessary. Is that not correct?

The CHAIRMAN: That was the stand they took last year. They will be here to present their views later.

Mr. TUCKER: I wonder whether the members of the interprovincial union have read the representations of Mr. Wesson, Mr. Parker and Mr. Plummer. Have you given any consideration to what they said about it?

Mr. PATTERSON: I have not had access to all the material pertaining to the discussion of this matter but I would prefer to deal with it in a general way as it concerns the province of Manitoba, or Saskatchewan or Alberta.

With regard to the matter of overages in a country point, we don't think that the time will come, as has often been argued, when it will be possible for an elevator agent to operate a house and come out at the end of the year having entirely satisfied his customer and also the company for whom he works. Consequently it is going to be necessary perhaps for that elevator operator to guard himself and make sure of his position in order to be certain that he is going to have a job at the end of the year. It is going to be necessary for him, in effect, to "play safe". Personally I do not have any argument with that individual because I think he is only looking after his position—as long as he does not go to excess. But I question the right of an elevator company at the end of the year to retain the overage which exists in the elevator system. That is to say, you may have an elevator in one place that has finished up with a loss, and there might be another elevator that has an overage on an elevator system at the end of the year. I would suggest in all fairness, and in all fairness to the companies—although of course I am not attempting to speak for the companies—that it would be a sound and correct policy if at the end of the year the company would relinquish to the wheat board the amount they had accumulated in overages. There are factors which may enter into the picture, such as weighing and upgrading or downgrading of some particular grade of grain which would affect the output of an elevator house in the country, but taking all these factors into consideration I think the argument still stands that the company, from a legal point of view, as well as from any other, has no right to retain that element of overages which it has accumulated in the system over the year's operation.

I do not think that as an organization we have any argument with the individual who has come out with 200, 500 or 1,000 bushels surplus at the end of the year, but certainly that grain really belongs to the farmers who

produced it. They were not paid for it, and consequently it is not the property of the individual elevator operator, nor is it the property of his company. Actually it should go back to the people who produced it, but owing to the impossibility of that being done, the next best thing, we suggest, is that it should go back to the wheat board and be applied to meet the cost of the various operations of the board.

Mr. QUELCH: You are suggesting that the shortages and the overages over the whole system of an elevator company should be balanced against each other. I suppose you would also agree that if it happened that there was a shortage they should be compensated?

Mr. PATTERSON: If there was a shortage at the end of the year, certainly. They should be entitled to reimbursement from the following crop, or in accordance with whatever system agreed to.

The CHAIRMAN: Do you say that you are advocating the confiscation of the total of the overages of each line company?

Mr. QUELCH: After the shortages have been balanced against them.

The CHAIRMAN: I should not say "the line companies" but "every company". Of course you would run into great difficulties in my own province of Manitoba because all the pool elevators are individual organizations quite separate from the main body. They are all individual entities in themselves, which means you would confiscate overages right at the local point in each one of the pool elevators. They are as much individual entities as the line companies in toto.

Mr. PATTERSON: Mr. Chairman, they do not show in the reports as individual elevators. That shows in the Commissioner reports elevators as "Manitoba Pool Elevators".

The CHAIRMAN: Oh no, you are quite wrong on that point. If you look at the end of the annual reports of the pool in Manitoba, each elevator has its own overages and those overages are disposed of locally. The profits from this, if there are any, are returned to the members of the particular elevator. They do not go to headquarters. Headquarters may show a large overage for the province but that does not mean that it is theirs. It is not theirs. It is our own profit from our own elevators. It is ours and we do what we like with it. Manitoba would be the province that would have the strongest objection against this proposal of confiscation.

Mr. PATTERSON: Logically then in each locality the individuals who participate should get the benefit.

The CHAIRMAN: That is what is happening now.

Mr. PATTERSON: It could be administered in that way if it were legalized but that would only apply to elevators operated on that basis; is that correct?

Mr. HANSEN: Yes; the members do get the benefits of overages from the wheat board, but there is a principle involved here; in principle we feel that the farmers should get returns from overages in both country and terminal operations returned to them through the wheat board—if they happen to be fortunate enough to be a member of one of the cooperatives mentioned here today—they will get it in their dividends; but there are quite a percentage of the farmers who are not members of cooperatives and who are not sharing in the benefits of overages today. Therefore we feel that farmers as a whole should share in any overages which accumulate by having them returned to them through the wheat board.

The CHAIRMAN: My point was: if you confiscated overages at local elevators, that in the case of Manitoba, what you would be doing there would be to confiscate from the farmers. In fifty per cent of the cases the farmers deliver to cooperatives; and there is another pretty high percentage which

delivers to the U.G.G. which also pays patronage dividends. But what about those people who are not organized the way your pools are, or any other organization, if you were to confiscate from them? As far as the Manitoba pools are concerned, they would be on a different basis because they would be on an individual basis, and the fairness of it would not be the same to them as compared to the others.

Mr. PATTERSON: But the individual would be getting back his overages.

The CHAIRMAN: He would not, if the government confiscated them.

Mr. PATTERSON: If overages are confiscated at the local level, the individual would still get the benefit to the extent of his participation in the local elevators.

The CHAIRMAN: How would he, if it is confiscated?

Mr. PATTERSON: The people who sell the grain have the right to these overages and a right to their grain. In the case of the pool, if that is the way they wish to return the overages, I do not see that anybody would have any argument because the man who contributed would be getting his overages back at the local level.

The CHAIRMAN: Yes, but if you legislate for confiscation of overages at the country point, then the pool cannot distribute their overages because they will be confiscated.

Mr. PATTERSON: The legislation would lay down that they had to be returned regardless of whether they went through that procedure or through the board of grain procedure, or were returned by the company to the individual participant. But I think this is merely a technicality and it is somewhat beside the point.

The CHAIRMAN: It is getting pretty involved.

Mr. HANSEN: It just means that instead of the farmers who are members of the cooperative getting a return from the overages in the form of dividends from their country elevators, they would be getting it from the wheat board as part of the payment for the product which they had sold.

Mr. TUCKER: You would rather see the wheat board distribute it than to leave it to the cooperatives to distribute it as they saw fit?

Mr. HANSEN: Yes, because when the wheat board does it, every farmer benefits.

Mr. MANG: Would you keep the accounts separate for the line companies?

Mr. HANSEN: I am sure that the wheat board can devise a system for distribution. We have enough faith in them to feel that they will distribute it in the fairest method to the producers.

Mr. MANG: They would have to keep separate accounts, pool accounts, national grain accounts, U.G.G. accounts, and so on.

The CHAIRMAN: Last year when this question was gone into fully in the committee, the witnesses for the various grain handling organizations made it quite clear that the matter was not quite as simple as all that, and I think they took very grave exception to the idea of having overages confiscated at elevator points. In some instances it would work to the disadvantage of the producer. However, this will probably all be gone into later, and we might wait until that time.

Mr. YUILL: Last year in the final analysis, when they substracted the overages from the shortages, the total was not so great.

The CHAIRMAN: That is right. The assumption of this argument is that none of the overages are justifiable. But we know there has got to be some overages. The question is the percentage of degree. Are there any more questions?

Mr. YOUNG: I think our point is that an overall overage is not justifiable. We want to find some practicable way of getting it returned if not to the individual producer, then to producers as a whole. Mr. Tucker raised the point a while ago as to whether we considered the objects raised by the grain handling concerns who appeared before you last year. I think that was your question?

Mr. TUCKER: The wheat pool organizations.

Mr. YOUNG: We read what they had to say, but we were not here when that took place. As far as I am concerned, it did not convince me that it should be done. I think we all realize that among grain handling concerns no one is going to worry too much about having overages. It is the farmers who worry about it, not the grain handling concerns. The wheat pool will say: "We will return it to the farmer through our cooperative set-up", and they do. But what about the other concerns which do not return anything to the farmers?

Mr. MACKENZIE: I want to get the matter cleared up about the confiscation of overages. Profits from them are returned to the shareholders of the elevator, not necessarily to the farmers who grew the grain.

The CHAIRMAN: No. The overages are confiscated by the government and turned over to the wheat board, and the wheat board distributes it to the producers.

Mr. QUELCH: You mean that is what the proposition is?

The CHAIRMAN: No, no; that is the law as it is in effect now. The overages which are confiscated today are turned over to the wheat board and distributed by them back to the producers. This was one of the recommendations of the agriculture committee last year which was put into force this year.

Mr. ARGUE: How does the witness think most of the overages occur? Do they occur from mixing, which is a legitimate thing as explained to us last year, or do they occur from a practice which is illegal, namely, the practice of taking excess dockage, underweighing, undergrading, and so on? In other words, do most of the overages, in your opinion, come about through normal and legitimate trade practices, or through illegitimate practices?

Mr. YOUNG: I would not like to guess at that. I think they come about through a combination of these things.

The CHAIRMAN: That is right.

Mr. YOUNG: That is about as far as I think we need to go into that. It was pointed out last year that there are quite legal ways in which overages may occur, and they are added to sometimes by illegal practices.

Mr. ARGUE: Have you received any actual complaints from farmers against an individual elevator or in a general way that a given point is taking too much dockage, underweighing, and so forth? Or does this part of your presentation come from what appears to you to be a widespread objection among the farmers as to what they think is going on?

Mr. YOUNG: I would say that we have not had any widespread complaints in Alberta about individual cases. We are basing our complaints mainly on what we see in the way of figures showing that overages exist. I do not know what the other men have to say.

Mr. PATTERSON: On the question of how these overages are accumulated, locally or otherwise, I would not want to suggest that it was the fault of the operator—unless there was some specific mention that he had intentionally created overages in his own elevator. We have reports and statements as to what happens to this man and to that man, or what this wagon weighed here, or that wagon weighed there; but we have no way of proving whether or not what they think is right. We are not here to endeavour to do that; but we do put forward an added suggestion that there is not any such thing as an overage on

that scale in the union stockyards. When a person is paying 20 cents a pound for a steer he pays 20 cents a pound for that steer as recorded in the scales. There is an element of risk and judgment comes into the picture as far as grain is concerned. We are allowing for that element of risk and error but in the final analysis that product belongs to the individual who sold it to the elevator if the elevator for one reason or another has not paid for it. The responsibility of that elevator is to pay for the grain.

Mr. ARGUE: I can understand your desire to see that something equitable is done with grain overages whenever they may exist, but is it not preferable to see that everything possible is done to see that overages do not exist and do not come about. In other words, prevention is better than the cure. My question is, whenever you have turned over a complaint of an improper practice at a given elevator point to the Board of Grain Commissioners have you found they have been generally quick to look into the case and been efficient and done everything reasonable or possible in your judgment to see that the situation was corrected and in so far as possible see that it did not occur again?

Mr. HANSEN: First of all, in regard to the question of overages a lot of them originate through legitimate trade practices. Coming back to this matter of box-car distribution, when a farmer is forced to deliver to an elevator to which he does not ordinarily deliver because of room being available, quite often he finds they have only room for No. 4 although his wheat is No. 2 or No. 3 and often he is docked more if he sells it there. Because of this the company has an overage. In respect to this the majority of the complaints which have been brought to our attention by various members have had to do with the handling of the car order book at various points. In fact we were taking one up last week. It was a case which had been pending since August 3, 1953, and it is not settled yet. There is no provision, to my knowledge, in the Canada Grain Act for discontinuing the car order book so it is generally discontinued if there is general discontent by a contravention of the Act. In some cases they have opened the stove lid and thrown it in with the result that there has been an uproar over it. Such is the case which we were taking up last week. It has been going on since August 3 as I said.

Mr. ARGUE: Do I take it then that it has also happened that there has been unnecessary delay in taking care of these in your opinion?

Mr. HANSEN: I do not see any reason why it should be delayed to that extent. Surely a case at a small point in Saskatchewan could be settled in a much shorter period of time. It is now a year and nine months. Surely it could be settled to the satisfaction of everyone there. A ruling could be handed down stating definitely what the decision of the board is on that matter.

The CHAIRMAN: The original question of Mr. Argue was a complaint with respect to overages.

Mr. HANSEN: Complaints have generally come in from the people who have had to deliver to another elevator company.

The CHAIRMAN: Do you get many complaints of excess dockage?

Mr. HANSEN: Yes, very frequently of one nature or another.

Mr. ARGUE: You are saying if the distribution of box-cars were fixed up satisfactorily it would get rid of the majority of the complaints as far as excess dockage and so on is concerned?

Mr. HANSEN: The farmer would be able to deliver to the elevator where he got the best deal and would not have to go to another elevator where he felt that perhaps he was being gypped.

Mr. QUELCH: If there was no underweighing or overweighing, then in years where a great deal of tough or damp grain was marketed there should actually be a shortage in wheat?

Mr. YOUNG: No, if the proper allowance is made for the grain when it is bought. There is a table figured out that shows the dockage for grain requiring specific percentage of moisture and the shrinkage allowance should take care of that.

Mr. QUELCH: But actually, physically speaking, there would be or should be a loss in wheat as between the wheat they buy and the wheat they have to sell although that is compensated for by the shrinkage charges.

The CHAIRMAN: There is a provision for that. If you wait until the Commissioner appears he will explain it. Nothing disappears and nobody gains because it is provided for in the method of handling by the board.

Mr. TUCKER: Mr. Chairman, there is one sentence which I was surprised to read. It is on page 7 about three quarters down the page:

On past occasions we have noted that the reluctance of the Board of Grain Commissioners to make complete information available as to grades of grain received by various companies at local delivery points and the out-turn grades by the same companies, including the condition of such grain, makes it impossible to check the extent of grade overages. Is that correct, that you have not been able to find out the extent of overages over past years?

Mr. YOUNG: That is correct, Mr. Tucker, as far as local points are concerned. Now, before this same committee last year you had the Board of Grain Commissioners appearing for several days and this was asked, on the 11th of May I believe it was, as to whether those figures could be given for individual country elevator points, the figures of grades taken in and grades going out of there. Mr. Mackenzie stated that that information could be given but the next day he corrected himself and said that it could not be given, it was not the practice of the board to give it because it would reveal the position of an elevator operator to his competitor. I think I am stating that correctly.

Mr. Milner is in the corner there and if I made any incorrect statements I hope that he will correct me when he has an opportunity. I am answering this because these other gentlemen were not here last year. I know Mr. Phelps pursued that point with considerable vigour for considerable time. He did not get any place due to the reason I have given.

Mr. TUCKER: If you had the total amount of say No. 4 wheat bought by that company at its local elevators and then the total amount that it actually turned over to the board you would be just as far ahead?

Mr. YOUNG: Yes.

Mr. TUCKER: Are you not able to get that?

Mr. YOUNG: No.

Mr. TUCKER: What was said about that?

Mr. YOUNG: The same thing applies I think there. I am open to correction on that. The Board of Grain Commissioners do not wish to oppose any company operations individually. They give you a picture of the system as a whole. I have the report which they tabled that year. This is the one they brought down here showing the position as a whole, but not with reference to individual companies at individual points.

The CHAIRMAN: We will go on now to "Grade Standards for Screenings".

Mr. CHARLTON: There is one important matter regarding grade screenings sent to the east for feed. The standards I presume, are set by the Board of Grain Commissioners for those screenings coming east. What information have you to back up that statement about the grades of screenings coming to the east?

Mr. YOUNG: That has been a point of great concern to us as far as the eastern feeder is concerned, particularly in the last two or three years when we had some discussion with the eastern feeders with respect to the quality of grain that they buy and also the grade of screenings and the condition of the screenings that they buy as well.

As far as we in the west are concerned, we usually do not put much emphasis on the screenings which come out from under the separator, but evidently it is a product in which there is much interest in eastern Canada. They buy a terrific amount of screenings. The grades of these screenings and the control and preparation of the various screenings—No. 1 screenings for instance—and the amount of seeds contained therein has been rather misunderstood as far as eastern feeders are concerned. Some time ago they anticipated they should be buying screenings that were probably 50-50—50 per cent cracked grain and 50 per cent weed seeds and so on. However, they found that according to the regulations that was not so. No. 1 screenings could mean a content of up to 98 per cent weed seeds and only a very small percentage—perhaps 2 per cent—of cracked grain and other grains. As is pointed out in the brief, the matter was taken up with the Board of Grain Commissioners and we are pleased to report that they have taken up the matter and we anticipate an improvement in that regard. There are other fields as well about which we are concerned. We are concerned about the mixture of screenings in feed grains for resale. It may not be the practice of all grain companies to sell their feed in that way, but we have received a tremendous number of complaints from different sections of Ontario pointing out that they buy feed from their company—prepared feed in some cases—and dump it into the trough and the pigs will not look at it. Possibly this is because of the weed content or because of the presence of some particular weed. Those are things over which we understand the board does not exercise control at this time; their control does not extend beyond the terminal elevators. We would be interested to see this change come about and I think it would be to the advantage of all concerned; that is, the producers in the west, and the feeders in the east. We would like to see a system of control set up which would designate the grade of that product right through to the other end—the feeders—because if we are selling our feed grain to eastern Canada and it is being bought by feeders with an undue percentage of weed seeds in it, it will reduce the palatability of the feed in our opinion and the feed value in a great many cases. Consequently this is not in the best interests of the western farmers in seeing that their eastern customers get the best possible service in the way of feed grains.

Mr. CHARLTON: It is true that No. 1 feed screenings according to the Act can contain up to 97 per cent wild buckwheat and cracked grain, or cracked grain. Mind you it does not need to contain any cracked grain at all, is that not so?

Mr. PATTERSON: Yes.

Mr. CHARLTON: It can contain 97 per cent wild buckwheat alone?

Mr. PATTERSON: Yes.

Mr. CHARLTON: That is a serious situation so far as we in the east are concerned. Also I understand the producer in the west is not paid for those screenings. I understand he does not receive a cent for the screenings, yet we have to pay \$57 a ton for them here.

Mr. PATTERSON: No, the only screenings the farmer is paid for are those he ships on a carload basis, and it comes down to the head of the lakes. I could not just give you the figure, but it is a small amount. It pays for the freight and very little more. The only way we get paid for the screenings is

when they are sold in carload lots. We can at times in country elevators have our grain cleaned if there is room and if there is time, but those two factors are very definite. Consequently the bulk of our grain goes through, is shipped down and cleaned at the head of the lakes, and we do not receive anything for the screenings.

Mr. YOUNG: I think we can save time by telling you that the Board of Grain Commissioners at a meeting which we held with them about a month ago, assured us that they are changing the regulations in order to provide for a better grade of screenings and in future they will insist that a much higher percentage of cracked wheat and material of that value is contained in No. 1 feed screenings. Therefore the situation is being rectified. They told us they even went so far as to require the firms that had shipped this 97 per cent weed seed screening to make a refund to some of the people to whom it was sold. I think I am correct in that. In future that situation is going to be improved very considerably. We have been very concerned about the situation which has existed in the past few years and we are glad to see that something is being done about it.

Mr. GOUR (*Russell*): Mr. Chairman, I wish the regulations were changed and I also wish they would not mix up and grind the screenings in the west. Those screenings are poor enough and it is just too bad for the farmers in the east. It should not be mixed over there but should be shipped as it is. Our farmers would then know what it is and it will not be classed as having a content of 50 per cent grain. Under the old system it could destroy the market and we were paying money for nothing.

Mr. BRYCE: If the grades we have in the west were carried right through the eastern feeder would know what he was getting.

Mr. CASTLEDEN: Is there any grade in the west for No. 1 feed screenings?

Mr. BRYCE: Yes.

Mr. CASTLEDEN: What is the grading?

Mr. YOUNG: I could not tell you exactly.

The CHAIRMAN: The Board of Grain Commissioners can answer those questions.

Mr. YOUNG: There definitely is a grade for No. 1 feed screenings.

Mr. ARGUE: I was very interested to hear Mr. Young give us the assurance that he has received from the Board of Grain Commissioners that they are going to pass new regulations which will provide for a better system of grades of screenings, and I think the time that should have been done was many years ago because I have seen some of the stuff which comes to the east and is sold in the name of No. 1 feed screenings and it is pretty much junk. We all know that the farmers in the west do not get paid for it at all. I was therefore most interested in hearing that assurance because we have been told so often in the past that under the Canada Grain Act there was no power to make effective the western grade standards on grain sold for domestic consumption in the east. The Board of Grain Commissioners can set the standards but do they give any assurance that they are going to police the grades, as we might call it, so that the ultimate consumer in Ontario gets the same grade and the same standard of grain as when the certificate was issued at Fort William? That is the point.

They can set the best grade standards in the world and unless the Ontario purchaser can be assured that when he purchases a bag of feed that it is up to the standard the Board of Grain Commissioners set then, of course, it is useless.

Mr. PATTERSON: Yes, we have asked in the brief that that service be extended down to eastern Canada and that the service be given where it is requested, that that grain will be up to the highest standard and the carrying out of that regulation through to the consumer in eastern Canada.

Mr. ARGUE: You have that assurance?

Mr. PATTERSON: No, we are requesting that in our brief.

Mr. ARGUE: Then what assurance do we have from the Board of Grain Commissioners as to what they would accomplish by their new regulation?

Mr. PATTERSON: Well, the understanding that I got from it was that in future they were going to insist on a higher content of grain in the No. 1 feed screenings.

Mr. ARGUE: Then, how would the Ontario feeder be certain that he was going to get this better grade? Has he any right to the better grade under law?

Mr. YOUNG: Because no one will be allowed to ship screenings from the lakehead unless he conforms to that grade, and if he cannot do it in any other form than that you can't find any junk feed unless it is mixed up with other seed in Ontario and adulterated there.

Mr. ARGUE: Of course it might wind up in No. 1 feed wheat or something.

The CHAIRMAN: I think the point there was that the assurance was given that the definition of No. 1 feed screenings would be changed as it has in it, as Mr. Charlton explained, 97 per cent of wild buckwheat. Now apparently the stress will be laid on a little more cracked wheat and less buckwheat. It will be for No. 1 feed screenings. Then once it gets into Ontario if a feeder wishes to mix it and sell it as A, B or X feed then he does not come under the Canada Grain Act because he is not selling No. 1 screenings, but as long as any farmer wishes to get No. 1 screenings he can ask for No. 1 screenings and if he asks for it he can get it.

Mr. ARGUE: In order to get equity for the Ontario feeder has the farmers' union at any time approached the government of Ontario asking them to pass complementary legislation so that both within the provincial jurisdiction whatever it may be and within the federal jurisdiction there is legislation that will mean that the grades the western wheat producer is paid are in fact carried through right to the feeder in eastern Canada, and I think that is one thing that should be done because the standard of grades in the west is good. The thing we are trying to do is to get those same standards carried right down into the feed lots of the Ontario or Quebec feeder.

Mr. PATTERSON: Yes, I think that is the basis of our contention, gentlemen, that we insist in carrying that feed down into eastern Canada and keeping our customers happy and the only way we are going to keep them happy is to give them the products that they pay for and the only way we can do that is by assurance that this grain will get to him in the way we sell it.

It may be necessary—and I am sorry the Ontario boys are not here today and I don't know whether they had made representations to their own government or not in that regard but if they did that we would still have the problem which is exaggerated tremendously in eastern Canada, I believe—at least I am told where you have so many people who buy two or three bags of feed a day or a bag every two or every three days at points where it is ground, in the ground fashion. When you are buying feed then how are you going to be assured of getting No. 1 feed screenings and that you will have a product that is not repulsive to pigs when they come to eat it because of the content of some other weed that is contained in that product but regardless of

that we understand the problem, we are anxious to get the product there in the proper way and with the co-operation of the eastern men who buy the product I think we can clarify the position.

Mr. MANG: I appreciate that problem but would not the Ontario feed dealer be a new man in that position, in that business transaction?

Mr. PATTERSON: He has been the key man but unfortunately he has been holding the key too.

Mr. MANG: You would have to police the dealers if you make these small deals involving three or four bags in some way, or sell it only on samples and then if the feeder feels he has been "stung" he would have recourse to the law if he could prove it.

Mr. YOUNG: That is right.

The CHAIRMAN: Can we go on to item 4 now? Wheat Board Marketing. I do not suppose that there are many questions with regard to this.

"The farm unions commend the wheat board and support the principle of board marketing."

Mr. ARGUE: What is the position of the farmers union in regard to the wheat board handling flax and rye and handling the sale of oats and barley right through, outside the Winnipeg grain exchange.

Mr. HANSEN: In Saskatchewan we very definitely feel that we would like to see the wheat board handle the whole operation of oats and barley, and also handle flax, and that has been the policy of organization for some time.

Mr. YOUNG: That also applies to Alberta.

Mr. ARGUE: And to Manitoba also I take it?

Mr. PATTERSON: Yes.

The CHAIRMAN: Shall item 4 carry?

Carried.

The CHAIRMAN: Item 5—Financing of Marketing Boards.

Mr. QUELCH: I take it you mean by your statement that National Marketing Boards should be financed directly through the Bank of Canada; that the rates will be the same as the discount rate.

Mr. YOUNG: That was our idea. We feel that the Canadian Wheat Board is taking our grain as security, and they take it to the chartered banks in order to get credit. The chartered banks in turn go with the same security to the Bank of Canada in order to get money from the Bank of Canada if they require it and we cannot see why the chartered banks should be given this opportunity to get a very large amount out of it, because a lot of money is involved when you are dealing in millions. We cannot see why this should not be done direct.

Mr. ARGUE: Have you any idea how much money this might save?

Mr. YOUNG: We have not been able to make an estimate of that because we are not sure of the relative interest rates, and then we have not got the figures of the amount the wheat board is using as a line of credit, and even if we knew that it would be necessary to know the time element too with regard to their average line of credit for a year. The wheat board could give you that information.

Mr. ARGUE: Perhaps you would know sufficient about the internal financing of the Wheat Board to be able to answer this question: it was given to me by a high authority last fall—by people within the Alberta wheat pool—that they were able to borrow money from the banks for the erection of a terminal elevator at Vancouver at a rate which was one half of one per cent lower than

the Wheat Board was obtaining from the banks for the financing of its operation—in other words that a bushel in the hands of the Alberta wheat pool had apparently a better credit value in the banks than a bushel in the hands of the Wheat Board.

Mr. YOUNG: I do not know if there is anything in that but I am sure that if there were it would indicate a very ridiculous situation. Certainly a national board such as the Canadian Wheat Board is a better risk than any other commercial organization in this country, I would say, Mr. Chairman.

The CHAIRMAN: I think we had better let that question be answered by the board.

Mr. MANG: Does that suggestion mean that you want the wheat board to do its financing directly with the Bank of Canada, and not use the chartered banks at all?

Mr. YOUNG: Yes; essentially that is what it means, Mr. Chairman. We feel that a national board like the Canadian Wheat Board which is set up by the government should be financed through the government's own bank, and not go to the middle men in order to do it.

The CHAIRMAN: Are you now on "World Grain Bank"?

Mr. DIEFENBAKER: Would any amendment be necessary to the Bank of Canada Act in order to permit this, or would this open the whole field of loans by the Bank of Canada and place the Bank of Canada in the position of being subject to considerations outside the ambit of the Bank of Canada? I ask for information since you have a suggestion here which is rather challenging because of its unusual nature.

Mr. YOUNG: If that question is directed to me I would not feel completely competent to answer it; it might require an amendment to the Bank of Canada Act, and if so, I would say "Let us have it!"

The CHAIRMAN: "World Grain Bank".

Mr. PURDY: Wouldn't that put the Bank of Canada into commercial banking?

The CHAIRMAN: Mr. Young has no objection to that. "World Grain Bank".

Mr. CASTLEDEN: On page 10 of your brief you say:

...that a parity price as repeatedly asked for by us on the 52,000,-000 bushels of wheat used annually for human food in Canada would have provided funds for a final payment of at least twelve cents per bushel.

What was the amount of parity price you have been asking for? Have you got the figure?

Mr. YOUNG: Roughly speaking, that estimate is based upon an increase of 40 cents in the price of wheat in Canada; I mean the price of wheat in Canada to the miller which is about \$1.75 per bushel; and we estimated, roughly speaking,—and it is simply an estimate—that parity price would require an increase of 40 cents a bushel. It was on that basis that we compiled the figures of the amount that could be raised by a 40 cent increase. It would provide 6 cents on the wheat that is marketed of the Canadian wheat crop in a year, in the average marketing of the Canadian wheat crop. That provides about 6.1 cents on wheat that is marketed, and if you add that 6.1 cents to the 6.38c of the wheat board final payment you get over 12 cents.

Mr. CASTLEDEN: Your idea is that if the Canadian government followed the same policy as the United States which rather than using soft currency made barter deals, they could have disposed of a greater quantity of Canadian wheat than obtained in 1943?

Mr. GOUR (*Russell*): If you take the currency of every country, you never get the same kind.

Mr. YOUNG: That was just a suggestion which was made several times. Barter deals have been suggested by previous delegations which have come down here, but have never found any favour with the government here. The government was very unwilling even to consider barter dealing. Now we are not prepared to assure that it is a solution for the whole marketing question, but we think there should be some consideration given to it.

The CHAIRMAN: I can assure you that the government has given full consideration to the question of barter deals. It is just that they have been convinced that they could see no virtue in them that they have not used them.

Mr. CASTLEDEN: The Americans followed that policy in getting rid of their wheat, and they have hurt Canadian trade.

The CHAIRMAN: The Americans used barter deals only to give wheat away, which is an entirely different proposition.

Mr. QUELCH: The situation is being brought more forcefully before the government by the action of the United States today.

The CHAIRMAN: Page 11 "World Grain Bank". This is a subject which was considered before.

Mr. PURDY: You are in favour of the proposal which is put forth by the F.A.O. committee, advocating a national commodity clearing house for the purpose of disposing of surplus products, and of harbouring its exchange for soft currency countries?

Mr. YOUNG: Yes.

Mr. ARGUE: You feel that our government should pursue the policy of barter deals; in other words, if we pursued here a national policy somewhat along the line of that pursued in the United States, we might be able to help our position in world wheat by marketing it, instead of seeing it fall away, as we have seen it fall in the last few months.

Mr. YOUNG: We think it would help. We do not say that it is a complete solution, but we do think it would help the situation.

Mr. TUCKER: I wonder if the farmers union has considered the situation where our government has been urging the United States not to extend this policy, and has persuaded them only to use it in a case which is purely a giveaway program? If we start to embark upon it, the United States with much greater financial resources would feel that it was set free really to go to town on a program like this. Have you, representing western producers, considered the possible repercussions if we should endorse this principle, as a result of which the United States could really go to town on it?

Mr. ARGUE: They are going to town on it now.

Mr. TUCKER: No. They are only taking sterling or soft currency where they are turning around and spending money in the same country on giveaway programs. If we embark on this program the United States will be free to embark on it to a wider extent; they will then feel free to really extend this program and we will have lost any right to urge them not to. I wonder if you have considered the effect that might have on the price of our wheat and feed grains and other food products we might want to ship abroad.

Mr. PATTERSON: Now, Mr. Tucker, could we not look at it this way. As far as our customers and the people who would buy our commodities are concerned would the situation not be the same between Canada and the United Kingdom as between Sam Jones and Tom Brown who live side by side. In the latter case the one has a commodity to sell and the other man does not have that commodity and he wants to buy and has something to exchange; they are both broke but both do business and everybody is happy.

Mr. TUCKER: If we start on it Australia and New Zealand will do it also.

Mr. PATTERSON: They are already doing it.

Mr. TUCKER: They are not doing it on a scale except as I said; they are selling for soft currencies in those countries in a giveaway program; but if we started on this program does anyone think the United States will not compete with us in this and other countries also. Is this not the very thing to pull the props from under world prices of food? I think the farm organizations should think twice before they suggest anything like this.

Mr. PATTERSON: I would suggest New Zealand and Australia have been working on that basis for some considerable time and with considerable success. They do not look on it as something to store; they look on the product as something to sell.

Mr. TUCKER: I suggest Australia and New Zealand are selling their food products much cheaper than we would be satisfied to do.

Mr. PATTERSON: There are other factors which enter into it.

Mr. TUCKER: You are suggesting we enter into competition with them?

Mr. PATTERSON: No. The United Kingdom are buying more today from Canada than Canada is buying from the United Kingdom. Why can we not do business with the people who are buying our products?

Mr. TUCKER: I am asking you if we start doing that with the United Kingdom would they not go to the United States and say that Canada is doing this and we want you to do the same. I wonder who would come off worse. We have been urging the United States not to engage in these giveaway programs in traditional markets; but if we start engaging in this program in traditional markets they are entitled to do the same.

Mr. QUELCH: Last year when we suggested this in the House we were told by Mr. Howe no nations would want our goods on that basis. Up until last year the United States made \$250 million worth of goods available for soft currency under the Mutual Security Act and last year under the Foreign Operations Act the U.S.A. made \$1,400,000,000 worth of goods available for soft currency gifts. Surely there are definite limitations imposed on the United States in regard to that program. If there were not these limitations they could go to much greater lengths.

Mr. TUCKER: If we open the door they will, but at the present time the agreement is that they do not take soft currency except where the soft currency is going to be spent on a give-away program in the country involved.

Mr. HARKNESS: On a point of order, do you think this is the time or the place for us to have a further discussion on accepting soft currency or sterling in exchange for our products, because it might go on for the next two or three weeks if we do.

The CHAIRMAN: I agree that there is some merit to the point of order. I think this is really a discussion for the Banking and Commerce Committee rather than for the committee on agriculture. However, the point was made in the brief and the farmers said that this was a suggestion they were making. Possibly we could leave it at that and proceed with the recommendations.

Mr. TUCKER: I suggest that because it was a recommendation of the farm union we should be able to point out the difficulties which occur to us or otherwise they could go back to their people and say "We made this suggestion; it was a good suggestion, and they could not find any fault with it." I think it is our responsibility to point out any difficulty concerning the putting into force of this suggestion which might have occurred to this committee. This is really a mutual education setup so far as I see it. The farmers' representatives tell us their views and we indicate some of the difficulties which we might

encounter in asking for their adoption. They can then go back and tell their people about the difficulties in order that they can do some more thinking about it. That is the only reason I brought it up.

Mr. GOUR: On that point, if we begin to accept soft currency from every country to whom we sell our foods and goods we should have to begin with cheese. We might have to sell our cheese at 21 cents. We might have to sell our manufactured products for soft currency. This will mean just the currency I have in my pocket and it will not be worth a nickle. Who is going to pay for it?

Mr. DIEFENBAKER: I do not want to enter into this controversy, but I should like to ask one question. As part of the plan to assist underdeveloped countries, do you mean a gift should be given to those countries—is that the idea—in order to dispose of surpluses? Who is going to finance this? When you set up the World Grain Bank, who will finance it and who is going to make the sacrifices—is it to be the people of the respective countries who produce their wheat, or is the World Bank to be financed on some other basis which you have in mind? What is the general plan you have in mind?

Mr. HANSEN: The F.A.O. has set out what they consider to be a practical plan for the World Grain Bank. It is very extensive, and I am not familiar with all the details of it but we had it thoroughly explained to our convention a year ago last December and we are convinced it is a workable plan which would work in the interests of producers here and the underdeveloped countries in various parts of the world.

Mr. DIEFENBAKER: Who finances it? Does the Canadian government through the wheat board turn over so much—whatever the fixed amount might be—to this international food bank? How is the international food bank financed? Is it financed at the expense of the respective nations who contribute to it? I am asking for information because this is a very important matter.

Mr. HANSEN: It is financed by the nations who contribute to it, as I understand it—the various governments involved.

The CHAIRMAN: The taxpayers.

Mr. MANG: Would that mean that the taxpayers of Canada would be making their contribution of \$1 million or \$2 million to this bank to finance the western grain?

Mr. PATTERSON: I would suggest, sir, that that would have to be worked out as between nations, that while in some instances we are told that a country is in a position where they cannot buy our food yet some other time we are told that country is a wealthy nation. It seems to me there is a problem there. As far as I am concerned as an individual it is up in the clouds and I think it is a pretty high ladder for me to try and climb, but we think it is possible and we feel that there is a solution there if the nations concerned will get their heads together, think and figure out the ways and means of distributing that food if they get it under centralized, localized conditions.

Now, as to the matter of the finances as between that and the over-all picture I think there surely should be some way to finance that world food bank. As to the mechanics of the thing don't ask me at the present time. If there is an indication that there is interest in that field and you think it is feasible I think there are means to go out and figure out that part of it.

Mr. MANG: The reason I am raising the point, Mr. Chairman, is because we in Canada would be one of the largest contributors to this world food bank because we have such a heavy share of the export market. Therefore, the taxpayer would likely have the responsibility of financing or helping to finance the world food bank because of our position in the world's market.

Mr. PATTERSON: But other nations possibly could make contributions in one way or another to that central agency and this in one way would accomplish a disposal of the products which the nations need and the people need and should still not cost anybody much money.

Mr. ARGUE: The proposition you are advancing, as I take it, is that the nations of the world with surpluses would cooperate together in order to alleviate hunger wherever it exists instead of playing separate parts as are some other nations like the United States with a give-away program alleviating hunger on their own. I have this question to ask: has it been brought to your attention that the United States surplus of wheat is a relatively low grade of soft wheat and in any offer Canada might make of wheat at no price at all—free—or in exchange for soft currency it would no doubt be taken up ahead of United States wheat since the wheat we have in surplus here is a much higher quality wheat than the American wheat, which is a very low quality wheat?

Mr. PATTERSON: I think if the time came when a food bank was created that certainly Canada with the product that we have to sell would have preference over the soft wheat areas that we have today.

The CHAIRMAN: Can we go to the advisory committee? Are there any questions on that? "P.F.A.A. and Crop Insurance." No questions on that? "P.F.R.A."?

Mr. QUELCH: On crop insurance I would like Mr. Young to explain that a bit further. I am quite familiar with the P.F.A.A. because that area I represent in Alberta is one of the large P.F.A.A. areas. But it seems to me if you try to combine the P.F.A.A. into a crop insurance scheme the rates would have to be quite high if you were going to make a return in line with the present price of farm produce, of grain, unless you zoned the provinces according to the average crop returns over a period of time. For instance, in part of that east country that I represent until the last three years where there have been very heavy crops the average yield in that area was only 4 or 5 bushels to the acre. The rates of insurance would differ widely, I imagine, in accordance with the expected yield. Would you not have to divide the area up in some way and have the rates different?

Mr. YOUNG: Well Mr. Chairman that might possibly be necessary, but I would not like to say it would be. This is far too big a question for us to be able to draw a blueprint and bring it here before the committee. What we are doing in this brief today is this: we are trying to draw your attention to the need for something to be done. This question in my estimation is second only in importance to the question of parity for agriculture. The need for crop insurance has been brought home very drastically to us as the result of the crop failure of 1954. In our office in Edmonton there is no subject of which we have had so many calls and appeals this winter as in connection with the P.F.A.A. The P.F.A.A. has been a very fine thing but it is totally insufficient. It was not primarily set up to cope with the situation and I think that before people get completely exasperated you down here should be doing something very definite—making some very close and intense study of this question to try to work out something better. I would not like to see the P.F.A.A. lost. I think it is important, but it is absolutely insufficient to meet the situation. I think we favour the development of the P.F.A.A. into more of a real crop insurance plan and I am quite sure our people in the park belt would not be adverse to paying a much higher rate of deduction if they were assured that they would get something to fall back on should they lose a crop. With the present set-up you do not get that assurance, and that is the difficulty. There are people who have had nothing whatever after a crop failure—people who have not received one single nickel out of it after having contributed

for years and years. There is all kinds of hardship and anxiety. We have got to work out something better. I hope you will all take this to heart because to my mind it is extremely important to the prairies as a whole.

Mr. MANG: You are suggesting that we make an intensive study of a crop insurance plan. P.F.A.A. as we know was designed to meet a specific purpose that is, assistance. It is the Prairie Farmers Assistance Act. It was never intended to be a crop insurance plan. Are you suggesting that an intensive study of a crop insurance plan be made, in Manitoba for example?

Mr. YOUNG: We are suggesting an intensive study followed pretty quickly by action, because something should be done about it. We suggest extending the P.F.A.A. and that the provincial government be brought in, wherever the provinces are interested in it; and we also suggest that under no plan of crop insurance should the farmer in a high risk area like the prairies be expected to carry the whole load. That is the weakness of a straight crop insurance plan as I see it.

Mr. DINSDALE: I believe that the thinking in Manitoba in regard to this problem is somewhat different than the recommendations of the brief. As a result of the information already gathered in this committee's studies, the feeling is that we cannot tie the P.F.A.A. to crop insurance, and that there has to be an overall crop insurance plan separate from P.F.A.A.

Mr. PATTERSON: That conclusion has been gathered from recommendations from our province from time to time, by people coming to our Minister of Agriculture with regard to P.F.A.A. and the inability to get it extended up to the present time into a plan which would perform the function that is proposed today. In Manitoba, as Mr. Dinsdale intimates, we have gone further than that. Sometime ago the provincial government intimated—rather the premier intimated that they would be prepared to do something to bring about a crop insurance plan. You know what has happened since the committee has been set up. They held studies throughout the province of Manitoba and they gathered a tremendous amount of information. I have been in touch with some of the members of the committee from time to time and they are still working on it. According to the survey, as far as Manitoba is concerned, and as far as our organization is concerned, we are looking at the present time to a crop insurance plan if it is at all possible.

Now, if it is impossible according to the findings of this committee, they still have an interest in P.F.A.A., according to the survey, there is one area which suggests that they throw out crop insurance. They say: "We have been paying for it for ten or fifteen years and we have got nothing out of it. Now that we have no crop, and cannot collect under the P.F.A.A., what is the good of it to us?"

At the present time the farmers union in Manitoba is considering a policy with regard to a straight crop insurance plan. It is still being considered in the country and we may receive further directions on it from our district conventions.

Mr. ARGUE: While we are on the subject of crop insurance, I wonder if all of us are not mislead by the use of the word "insurance" very loosely? If there is going to be a true crop insurance scheme, it must be one which is actuarially sound, and it must be based on the individual insurance risk of the farm unit, or on a very small unit if not on an actual farm unit. In places where they have tried the crop insurance scheme where the farmer would be free to sign or not to sign up, the crop insurance scheme has withered away and is in fact bound to be a failure. Am I right in thinking that what is behind this suggestion is that we could take what we now have, the Prairie Farm Assistance Act—which I believe is an excellent Act in so far as it meets the problem, but it is an Act which could do with a good deal of

expanding in the way of increasing the amount which the farmer may receive—away over the \$500 which he could receive in 1939 when the Act was passed, but which amount today would be worth \$200—that we should double, triple, or quadruple the payment to the farmer and increase the deduction which the farmer has to pay, and at the same time reduce the unit on which the payment has to be made. If we expanded the amount of money which the farmer might receive, if you made a payment on a section on the old basis rather than the present basis or the individual farm basis, and did some very rough zoning to take care of the thing which Mr. Quelch has mentioned, you might come up with the best plan in the world, or with a better plan than straight crop insurance. I wonder if Mr. Young might comment on those general remarks?

MR. YOUNG: Yes, Mr. Chairman. I think Mr. Argue has given a rough outline of just about what we had in mind with the addition mentioned a while ago that I think the provinces should be brought in to bear part of the cost in a plan of this kind. But the main thing is we want to get something started in this before we run into worse difficulties than we have at the present time. We have a situation in the province of Manitoba where they have even considered pulling out from the plan. I think time is wasting on us here and that something should be very definitely got under way in the near future.

MR. QUELCH: I take it you are especially interested in trying to get it down to an individual basis so that every farmer who contributes in the event of a crop failure will receive compensation?

MR. YOUNG: As near an individual basis as it is practicable to have it. It has often been pointed out, which we feel is the truth of it, if it was on a strictly individual basis you would always have some farmers who got benefits out of it pretty nearly every year because there are farmers who do not put their crops in until June, I was going to say, but that is getting common nowadays—I will say July—and that kind of thing. But it is deplorable when people who are called upon to pay year after year do not get any benefit out of it when they do have a crop failure. There is another point in connection with rates and the money for crop insurance; that is the problem of the man who feeds all of his grain and does not take any to the elevator. It seems obvious if you are going to ask some farmers to pay 3 per cent they are not going to be satisfied if some people get off “Scot-free”.

MR. MACKENZIE: You make a levy on the grain shipped and what percentage of the levy do you collect—the amount you receive under the Prairie Farmers Assistance Act. What percentage do you collect on the levy of the grain shipped?

The CHAIRMAN: You collect a straight amount on the acreage.

MR. ARGUE: You mean what proportion the farmers pay and what percentage the treasury pays.

MR. MACKENZIE: Yes.

The CHAIRMAN: In Saskatchewan it is roughly around $\frac{1}{4}$ and $\frac{2}{3}$.

MR. TUCKER: In Manitoba they pay in more than they get out.

The CHAIRMAN: On those points of Mr. Argue, these were the two points considered and brought forward by most of the briefs and this royal commission which has just completed its hearings. In most cases they have come to the conclusion that they could not, in Manitoba at least, tolerate an increase in the amount without lowering the qualifying unit, and in lowering such, they were running into greater difficulty. The general conclusion was it was hard to try to evolve a crop insurance out of the P.F.A.A.; it was better to do it completely apart from the P.F.A.A. However, the report is not out yet.

Mr. CHARLTON: In connection with the last paragraph on page 12:

Such a plan must provide for larger compensation for crop loss, and more complete coverage, so that any farmer losing a crop through no fault of his own can be compensated.

Are you suggesting that should be put on a basis now of any crop loss? P.F.A.A. was on a drought basis. You are putting it on a basis now of loss through flooding.

Mr. YOUNG: Yes.

Mr. PATTERSON: That is right.

Mr. YOUNG: In crop loss at the present time P.F.A.A. is being paid on hail loss for instance, and we think that should be covered under this too as well as frost and floodings and what have you.

Mr. CHARLTON: Would you be prepared, Mr. Young, to have that apply all across Canada as well as in the three prairie provinces?

Mr. YOUNG: Yes, I would say so. I would say that any plan of that kind should be applied anywhere it is required.

Mr. CHARLTON: You did not mention it here in your brief.

Mr. YOUNG: No, we do not mention it there, but you have asked me a question and I am giving you my feelings on the matter.

Mr. CHARLTON: Thank you.

Mr. DIEFENBAKER: Mr. Chairman, do I understand that the farmers' union actually did some work on the crop insurance so called? Did they arrive at any conclusion among their membership as to what percentage the members would be prepared to pay in order to secure an additional amount?

Mr. YOUNG: In reply to that I would say we did some work on this—not a very great deal—but we did send out a questionnaire to our locals last year and we discussed it at various conventions and so forth. The conclusion we came to was that the farmers would not be adverse to paying perhaps 3 per cent or something of that kind providing the benefits could be brought to them if they lose their crops.

Mr. DIEFENBAKER: Do you mean the benefits should be payable on an individual basis?

Mr. YOUNG: Pretty close to that, yes.

Mr. DIEFENBAKER: How close—by section?

Mr. YOUNG: I would say not over a section. I think Mr. Argue's suggestion would be good there.

The CHAIRMAN: Can we now proceed with extension of P.F.R.A. and Crow's Nest Pass rates? That concludes the recommendations. I thank the delegation.

Mr. QUELCH: I have one question in that regard. Would the unions support the idea of government subsidies to the railways to make up any losses? That is being suggested, as you know, in many quarters.

Mr. YOUNG: Generally speaking they have not expressed themselves favourably in that regard, but I think rather than lose the Crow's Nest Pass rates they would if it was necessary.

Mr. QUELCH: In other words you feel the railways have already received a sufficient amount to offset any losses they might sustain?

Mr. YOUNG: We think that way with regard to the Canadian Pacific Railway, but that is not of course true in regard to the Canadian National

Railways. They received nothing and the general feeling in that regard is perhaps that they might as well support them as make a subsidy which would be also giving something to the C.P.R. which they do not deserve.

Mr. CASTLEDEN: There is one thing here in your brief; you use the words under "Producer Representation"—"appointment of more actual producing farmers to these bodies." Do you mean producer farmers or do you mean producer farmers as recommended by farm organizations?

Mr. YOUNG: Yes, as recommended by farm organizations. They would be representative of the farmers.

Mr. CASTLEDEN: The statement was in there and I wondered exactly what it meant.

Mr. YOUNG: That would be the implication. That would be men on this board that would be recommended by the farm organizations and would be representative of the people they are supposed to represent.

The CHAIRMAN: Well, now, I thank you, Mr. Young, Mr. Patterson and Mr. Hansen.

Tomorrow we will meet at 10.30 o'clock in room 277 to hear the Canadian Wheat Board.

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HOUSE OF COMMONS

Government

Publication

Second Session—Twenty-second Parliament
1955

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

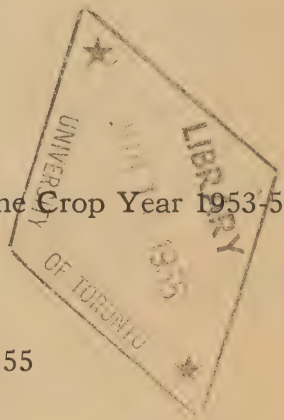
Respecting

Report of The Canadian Wheat Board for the Crop Year 1953-54

TUESDAY, MAY 24, 1955

WITNESSES:

From The Canadian Wheat Board: Mr. George McIvor, Chief Commissioner; Mr. W. C. McNamara, Assistant Chief Commissioner; Mr. W. Riddel and Mr. W. E. Robertson, Commissioners; Mr. C. B. Davidson, Secretary; and Mr. C. E. G. Earl, Comptroller.



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White (*Waterloo South*),
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Yuill—60.

(Quorum 20)

E. W. Innes,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
TUESDAY, May 24, 1955.

(4)

The Standing Committee on Agriculture and Colonization met at 10.30 o'clock a.m. The Chairman, Rene N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Boucher (*Chateauguay-Huntingdon-Laprairie*), Bryce, Castleden, Charlton, Diefenbaker, Dinsdale, Harrison, Huffman, Jones, Jutras, Kirk (*Antigonish-Guysborough*), Leboe, Mang, McCubbin, Michaud, Murphy (*Westmorland*), Pommer, Purdy, Quelch, Robinson (*Bruce*), Schneider, Tucker, White (*Waterloo South*), Wylie, and Yuill.

In attendance: Rt. Honourable C. D. Howe, Minister of Trade and Commerce; Rt. Honourable J. G. Gardiner, Minister of Agriculture.

From The Canadian Wheat Board: Mr. George McIvor, Chief Commissioner; Mr. W. C. McNamara, Assistant Chief Commissioner; Mr. W. Riddel and Mr. W. E. Robertson, Commissioners; Mr. C. B. Davidson, Secretary; Mr. C. E. G. Earl, Comptroller.

From the Office of Transport Controller: Mr. R. W. Milner, Controller.

The Committee considered the Annual Report of the Canadian Wheat Board for the crop year 1953-54, Mr. McIvor and his associates answering questions thereon.

Part I:—Sections relating to *General Comment—Crop, 1953-54, The Canadian Position, Legislation, Crop Development and Supplies*, were considered and approved.

At 12.45 o'clock p.m. the Committee adjourned until 3.30 o'clock p.m. this day.

AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. Jutras, presiding.

Members present: Messrs. Anderson, Argue, Bryce, Castleden, Charlton, Deslieries, Gour (*Russel*), Harrison, Huffman, Johnson (*Kindersley*), Jones, Jutras, Kirk (*Antigonish-Guysborough*), Legare, Mang, McBain, Murphy (*Westmorland*), Pommer, Purdy, Quelch, Schneider, Stick, Tucker, Villeneuve, Wylie, and Yuill.

In attendance: Rt. Honourable C. D. Howe, Minister of Trade and Commerce.

From the Canadian Wheat Board: Mr. George McIvor, Chief Commissioner; Mr. W. C. McNamara, Assistant Chief Commissioner; Mr. W. Riddel and Mr. W. E. Robertson, Commissioners; Mr. C. M. Davidson, Secretary; Mr. C. E. G. Earl, Comptroller.

The Committee resumed consideration of the Annual Report of the Canadian Wheat Board.

Part I:—Sections relating to Transportation, Delivery Quotas, Handling Agreements, were considered and adopted.

The Section concerning *1953-54 Pool Account—Wheat*, together with the Supplementary Report of the Board tabled this day, were considered.

At 5.00 o'clock p.m. the Committee adjourned to the call of the Chair.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

MAY 24, 1955.

10.30 a.m.

The CHAIRMAN: Order, gentlemen. We have the Canadian Wheat Board Commission with us this morning and we will proceed with the annual report for the crop year 1953-54. You might also use your supplementary report for the same year, 1953-54. Do you all have copies of the supplementary report as well? This was distributed generally last night. I believe we will have a few extra copies in a few minutes for those who require them.

I would first call on the chairman, Mr. George McIvor, to introduce his delegation and then we will proceed directly with the report taking it section by section as we have done in previous years if that is agreeable to the committee. Does the committee agree?

SOME HON. MEMBERS: Agreed.

The CHAIRMAN: I shall now call on Mr. McIvor.

Mr. GEORGE MCIVOR, Chief Commissioner of the Canadian Wheat Board, called:

The WITNESS: Mr. Chairman and members of the committee on Agriculture and Colonization. Once again we are very pleased to have the opportunity of appearing before you to deal with Wheat Board matters. Before proceeding with the report, I would like to introduce to the committee the members of the board. The full board is here this morning. I would like to introduce first of all Mr. McNamara, the assistant chief commissioner; Commissioner Riddel, Commissioner Robertson, Mr. Davidson our secretary and Mr. Earl our comptroller.

Well, gentlemen, if it is satisfactory to the committee I would like to deal with the report of the Canadian Wheat Board for 1953-54, Part I. Do you wish me to read this, Mr. Chairman, or do you wish to follow the same procedure as we did last year?

The CHAIRMAN: I think the procedure we followed last year was very efficient and that was simply to have you comment generally and read some relevant parts if you wish, but we will leave it to you what parts to read. We will deal with it section by section. May I ask everybody in this room to speak up loudly when they ask questions because it is hard to hear. This is a large room and the acoustics are very bad.

The WITNESS: Part I of the report deals with the world production situation in 1953-1954. I think the introduction explains the situation when it says that only occasionally it happens that wheat harvests are bountiful the world over, and 1953-1954 was such a year. It refers to record production levels in Europe and explains that the only exception to the pattern of uniformly large European crops occurred in Spain, the Netherlands and western Germany. It also says that particularly large crops were harvested in the United Kingdom, France, Italy, Sweden, Austria, Greece, Portugal and Ireland. It also explains that the wheat harvest in Asia followed the same pattern with excellent crops harvested in the Indian sub-Continent and in Iran, Syria and Turkey. The same

reference is made to North Africa, and the report also deals with the harvest in North and South America which, though a little less than in 1952, was well above normal. Argentine production is estimated at 228 million bushels of wheat, compared with 287 million bushels in the previous year. The United States harvested 1,169 millions bushels as compared with 1,291 millions bushels in 1952-1953.

In Canada we produced 614 million bushels as compared with 688 million bushels the previous year; Australia 199 million bushels in 1953-1954 as compared with 195 million bushels in the previous crop year.

The good harvests of 1953-1954 followed a year of very large international trade in wheat. Then the report goes on to say that the importing countries were well stocked at the beginning of the crop year with high reserves of imported wheat. With some easing of international tensions importing countries generally reduced reserves of bread stuffs which had been carried during the period of the Korean hostilities.

These changes combined brought about a readjustment in the world's wheat trading position in the crop year 1953-1954. The main change was a lower world import requirement from the levels which has prevailed in previous years.

Then, that lessening of import demand coincided with the existence of larger stocks of wheat in the importing countries and with the offerings of wheat for export by more countries than in any post-war year.

As a result of the over-all decline in world import requirements, utilization of reserve stocks of wheat by importing countries and entrance of more normally importing countries like Turkey and Sweden as exporting countries, usually large exports from France, wheat exports in 1953-1954 by most of the usual wheat importing countries were substantially reduced.

Dealing with Canada, our exports including flour were 255 million compared to 386 million in the previous year. Exports from the United States declined to 216 million from a level of 317 million in 1952-53.

Australia exports amounted to 64 million as compared to 106 million. Argentina exports rose to a more normal figure of 108 million as compared with a lower level of 1952-53 owing to a crop failure.

THE CHAIRMAN: Are there any comments on this general section or any questions?

By Mr. Argue:

Q. In this report do I take it that you found it more difficult to make sales in this period we are now dealing with than in the previous period?—A. Yes.

Q. In what countries which you might consider Canada's normal markets did you have any difficulty making sales last year?—A. If I may suggest it, Mr. Argue, we come to a table a little further on in the report, page 11, which shows the exports compared to the previous year. I think the figures there are largely self-explanatory.

MR. JONES: You mentioned Turkey, Sweden and France as large exporting countries. Have you the figures for those countries?

THE CHAIRMAN: I think we will come to that later in the Report.

THE WITNESS: I have them here.

By Mr. Jones:

Q. I was wondering what the impact of those exports was on the world's market?—A. The impact was quite heavy. We have the figures here some place if I can find them. Can I give them to you later?

By Mr. Argue:

Q. In this period did Canada have increased competition from the exporting countries or was the increased difficulty a result in the main of a decrease in demand?—A. I think probably it was a combination of both, Mr. Argue. I will come to the figures on page 11. They deal with our Canadian exports. Exports of wheat and flour from the main exporting countries in 1952-53 were: Argentina from August to July, that is, the crop year, exported 39 million bushels or 4.1 per cent. In 1953-54 their figure went up to 102 million or 12 per cent.

In Australia the figure in 1952-53 was 108 million and in 1953-54 it was 65 million; or in the 1952-53 year they had 11½ per cent of the exports and in 1953-54 they had 7.6 per cent.

Canada in 1952-53 had 386 million, which was 40.9 per cent of the total, and in 1953-54 we had a total of 255 million or 29.9 per cent.

United States in 1952-53 had 323 million or 34.3 per cent and in 1953-54 they had 211 million or 24.7 per cent.

Now, in that table exports from the countries which are not ordinarily large exporters were shown. In 1952-53 they had 87 million, in 1953-54 they had 220 million, so that in 1952-53 their percentage figure was 9.2 per cent and in 1953-54 it went up to 25.8 per cent.

Is that the information you wanted?

Q. Yes, Mr. McIvor, and I take it that the supplementary report we are considering is for a pool period so that without going beyond the pool period that we are considering does this trend or this picture for 1953-54—is it a picture which prevails for the pool period in considering specifically two things: are the countries of the world other than the main exporting countries occupying the important position that these later figures show that they have been occupying in the wheat picture is that falling off and what is happening to the United States position.—A. One of the large unexpected exporters in 1953-54 was Turkey. Turkey had a crop failure this year, so they become net importers instead of exporters. They did export, as I recall it, about 11 million bushels of wheat in the early part of the crop year; but since then they have been recipients of wheat from the United States and have become substantial importers. While I have not the figures in front of me, I think that the exports from France have increased. But I would say from the overall figure of these countries, other than the main exporting countries, that their exports would be down compared to last year, largely as a result of the change in the Turkish position.

You are asking about the United States. Their exports are substantially higher this year; but as you know, they have embarked upon a policy of selling wheat against the exchange of strategic materials, and selling wheat in some cases for the currencies of the importing countries; and in the case of certain deficiencies areas, of giving wheat away.

Q. Could you give us some picture of how the increase in the United States in the wheat market is attributable to the three things you have mentioned: how much is it giveaway; how much is for soft currency; and how much is exchange for strategic materials.

Mr. QUELCH: And could you add to that: to what extent has it interfered with the normal trade.

The WITNESS: I do not believe we have the figures broken down as to how their sales fall into those three categories. They mainly have disposed of it for local currencies which are paid over by the country concerned, that is, the importing country; and in practically all instances it is used for certain activities within the recipient country.

By Mr. Diefenbaker:

Q. I would like to ask a general question in regard to this matter to see if we could clear it up once and for all. There has been a lot said about the effect of giveaway programs and the loss of Canadian wheat demand abroad. Would you be prepared to outline, generally, what the effect of those giveaway programs in the United States has been, the selling of wheat at a discount in certain countries of the world in order to dispose of surpluses? We have a group in this country who advocate that the Canadian Wheat Board should adopt a similar course in order to move the surplus.—A. I shall try to give you an outline as best I can, Mr. Diefenbaker. In the early part of this program we were not—I should not say that we were not—we were concerned; but we were not as concerned then as we are now because it seemed to us that in the early part of this operation the different types of programs were confined largely to countries which I would term as marginal importing countries, that is, countries that are not considered to be purely commercial markets. I would mention one in particular, Yugoslavia. We have done business with Yugoslavia, but we could not call it, I think, a market in which we would expect to get business year in and year out. Then, gradually the program increased its momentum, and the programs were enlarged. Let us take Israel for example; we have always considered Israel a very good market for Canadian wheat. We did some business with Israel in the early part of this crop year but I think when the American program came in, which was a program of disposing of wheat and other grains in Israel and the acceptance of Israelian pounds for use in Israel itself, our business in Israel completely ceased. Now I know there has been quite a bit of discussion about Canada meeting this type of competition but we, as the Canadian Wheat Board, are obligated to sell our wheat for cash and we always do.

By Mr. Diefenbaker:

Q. Whether you are obligated or not, would it not have a demoralizing effect on wheat marketing in general if other nations followed the system followed by the United States?—A. Yes sir, I think it would.

Q. What protests have been made by the Wheat Board to the United States on this policy which cannot but have a detrimental effect on marketing and indeed upset the whole plan of wheat marketing today in the world at large?—A. As a representative of the Canadian Wheat Board I have gone personally to Washington and talked to the key officials down there and told them in my judgment this program was having a serious effect on commercial markets. I must say I did not obtain any substantial results. I think they see the position, but they have a Congress in the United States who are pressing them apparently to dispose of these surplus commodities under these various plans in order to relieve the congested position in the United States.

Q. To what degree do you attribute the general lack of demand for Canadian wheat to the American policy which cannot but be detrimental not only to the wheat marketing in general but also to relations in general?—A. I would say this, that the program has hurt us in certain markets which we might have had and hoped to obtain a share of, if it had been on a strictly commercial basis.

By Mr. Bryce:

Q. Is it the case that the wheat which the United States has for sale now is an inferior grain to our own wheat here?—A. Well, the type of wheat which they are disposing of comes under two categories. They are selling a hard winter wheat and to some extent spring wheat. It is not very large as far as spring wheats are concerned because they are mostly consumed in the United States. But they are selling a hard winter wheat which to some extent can be substituted for our Manitobas. A large percentage of the wheat which they are disposing of under these programs is the Red Winter wheats which are a softer

variety, which, while they can displace Manitobas in some markets are known as inferior wheats, without the strength of our Manitobas. We think that is one reason why we have been able to maintain our position in a number of markets due to the quality and strength of our wheat.

By Mr. Argue:

Q. Mr. McIvor, if Canada with its superior quality of wheat on the average over American wheat had adopted a policy somewhat similar to the American policy accepting soft currency and giving wheat away in certain instances, could the Canadian Wheat Board in that type of situation compete more effectively with the United States and would we not likely by adopting such a policy in fact increase our exports of wheat? Could our wheat compete with the American give-away program of accepting soft currency by being on a cash basis of superior quality wheat—A. My opinion of that is if we embarked on a similar policy there would be serious repercussions. I think the United States have made up their minds they are going to dispose of so much wheat abroad and we are bound to be affected in some markets. After all, I think that they have a very long purse down there. \$1½ billion dollars does not create the same trouble to them as to this country.

By Mr. Mang:

Q. You referred, Mr. McIvor, to the drop in our share of the world's markets and it is roughly around 10 per cent in the years which you compared. And there was a similar drop of close to 10 per cent in the United States' share of the export market and you pointed out that the other countries were exporting to consumers somewhere. What would be the reason, if there is one, for these other people crowding us out and having us take a lower share of the world's market while consumers were buying wheat from Turkey and the Argentine and so on who horned in?—A. There are several forms of wheat marketing in the world today and the world has departed a great deal from the old system where wheat was sold for cash and we participated in a competitive cash market abroad. There has been quite a bit of reference to the United States and I would like at this meeting to make some reference to Argentine because I assume that is at the back of your mind.

Q. Yes.—A. The Argentine have always maintained their exports on quite a substantial scale. They have certain geographical advantages to big markets in South America such as Brazil which is a very large market and a next door and very close neighbour. They have—and they have been doing this for three or four years—an arrangement whereby they have an overall exchange agreement or a barter agreement, if you wish to call it that, in which they agree they will take certain machinery and all types of things from certain countries and create a balance of trade by doing so—a money balance—and they offset that balance by the shipment of grain. Now that, of course, is a very difficult type of competition. If I may go on for a minute, Turkey in their large exports last year had certain arrangements, for example with Germany, which constituted an overall trade arrangement. I have not seen any evidence of it this year I also think in the previous year our friends on the other side of the curtain made some kind of arrangement with some of the Scandinavian countries whereby exchanges were made. I do not know whether or not that answers your question.

Q. Yes. I was just wondering. The United States and Canada lost 10 per cent of the world's market and these other countries have gained. The other question is: what could we possibly have done as a wheat board in Canada to meet these marketing arrangements you spoke of?—A. I think that as a board we have done all we can possibly do. We have not been caught napping. We knew what was going on. What we have done actually is to try to stress

to our importers abroad the quality of our wheat, the promptness of our shipments, and we have tried to stand on that sort of a policy and I think it has been fairly effective in many areas. I would like to go on for a minute. I made some reference to the Argentine system. Would you like to have two or three examples here?

Q. Yes.—A. There was one bilateral arrangement announced on January 20, 1955, for the period of three years, 1955 to 1957 with Brazil. The Argentine were to supply 1,200,000 metric tons—44 million bushels—of wheat annually, if her exportable surplus is 3 million metric tons or more; if the surplus is less, Argentine supplies the fullest amount possible, and not less than 30 per cent of her exportable surplus. Shipments are to be at the rate of 100,000 tons per month. The price here is in tons and I am unable to translate it into a comparison with our wheat price. There is certain trade going on between the Argentine and Brazil all the time and then, of course, there is the short transportation which enables the Argentine to have some advantage in that market.

Then, with Chile on February 19, 1954, a bilateral agreement was made for a period of 4 years. The contract was an exchange of goods specified in the agreement, without import or export restrictions. The basic commodities—to value \$52 million each way—include meat, cattle, wool and wheat in exchange for steel, copper nitrate and lumber.

There was an earlier agreement with Ecuador on August 22, 1953, for three years. The contract is: unconditional and unlimited most-favoured-nation treatment with respect to customs duties and import charges. Argentine is to import coffee, cocoa, bananas, petroleum, rubber, etc., in exchange for wheat, cotton, wool, edible oils and some manufactured commodities—estimated \$6.7 million each way for the first year.

Then there was an arrangement with Japan on February 24, 1954, for one year. Argentine to supply wool, maize, rice and cowhide in exchange for iron and steel products, dye stuffs, non-ferrous metal products, wire, textiles, porcelain goods and bicycle parts. Value \$90 million each way during 1954.

There was an agreement with the Netherlands in May 1954 for a period of three years. Total trade turnover of \$104 million per year and a mutual swing credit of \$22 million; the Argentine to supply wheat and other grains in an amount of \$28 million, plus vegetable oils, hides, wool, cotton, horsemeat, casein, eggs, honey and whale oil, in exchange for capital equipment, chiefly railway vehicles and machinery.

The last is an agreement with the United Kingdom to supply 34.9 million pounds worth of meat and dairy products and 20 million pounds worth of grain—wheat, oats, barley and maize—under a new trade and payment agreement.

Q. The reason I asked the question is that it is so important for us to keep away from loose thinking on these problems. I just wanted to pin that down.

By Mr. Argue:

Q. I might say that on the information you have just given us, Mr. McIvor, which is very interesting, I note that we are being subjected to interference by the Argentine along with the United States in what has been a pretty important Canadian market for wheat. I notice in 1952-53, for example, we exported to the Netherlands 15½ million bushels of wheat, to Brazil 11,400,000 bushels of wheat, to Chile, 1,500,000 bushels of wheat, so that the Argentine is making some rather serious inroads I take it into what a couple of years ago were pretty important Canadian markets.

I want to come back to your trips to the United States, Mr. McIvor. We always believe when you go there that you are doing what you believe to be in

the best interests of Canada and we always wish you good luck in any negotiations you have on behalf of the wheat producers. You have said, and I know you were disappointed in having to say it, that your trips did not meet with any great success. When you protested the type of policy the Americans were following and failed to get them to move in any other direction, did you at any time attempt to advance a method by which you could co-operate with the United States in the type of markets that they are acquiring outside of the cash market? In other words, did Canada at any time say to the United States; now if you are on a give-away program and going to accept soft currency and other methods of acquiring additional markets, is there some method in which Canada can co-operate and follow a somewhat similar policy and maintain for Canada its fair share of the wheat market and we hope a fair share of the expanded market in getting wheat to people who otherwise could not afford it?—A. I did not make any suggestion of that kind. The United States have problems as well as ourselves and I think we have to recognize that. I also would like to say that our board is most anxious that we should maintain the friendliest and most co-operative relations with the authorities in the United States. Any other policy, I think, would be quite wrong. We have a mutual problem; they have a problem which is a little distinct from ours, but I think we must continue to cooperate with the United States in every way possible.

Q. The statement has been made that we could not follow a policy somewhat similar to the United States and that the policy they are now following is not a good policy. Is it not a fact that a few years ago when the United States made far larger sums of money available on a gift basis to European and other countries, namely under the Marshall Plan, that Canada sold a whole lot of wheat that was paid for by United States dollars directly and indirectly on account of the Marshall Plan and that in the past part of our wheat sales and part of our general economic wellbeing has resulted from American give-away programs, in this case give-away in cash rather than give-away in particular commodities.—A. I have no certain knowledge of that. I imagine it is true. But, I would like to say that the problem that we have in front of us is here; it is not something that happened seven or eight years ago. We have a marketing problem and when we find that some of our markets are being hit by a program that permits the sale of grain against strategic materials or the exchanges of foreign currencies, I think we should say so, and that is what we are doing. I agree that the United States provided great quantities of grain during that period. As a matter of fact I was a member of the committee that distributed that grain and I do not think anybody would attempt to underrate the great work that was done. But our problem is in front of us here in Canada and we are trying to meet this problem now.

Q. After you have made your protest and have made it time and time again and after you met the same answer time and time again—no—do you not feel that there is some need for re-examination of a policy which inasmuch as you decide we have to sell for cash—we do not dispose of wheat in other ways—what possible harm can come from any program by any nation which puts wheat into the stomachs of hungry people in what you said is not only a marginal market but even one which does not exist. Isn't that a good program no matter who may follow it?—A. No one, to my knowledge, in the United States has said to Canada there will be no cooperation. I want to make that clear. When we have gone to Washington, we have been on the friendliest terms with their people and they have told us about their problems. They have got to dispose of grain. Congress is pressing them to dispose of this grain. We have pointed out that this creates great difficulty for us in certain markets and I think they are most sympathetic, but I do not think anyone has said there will be no co-operation. In fact, I think they are most anxious that Canada and the United States should cooperate and understand each other's problems.

Now, dealing with the latter part of your question I must say that I have no knowledge of what effect their type of program would have on Canada if adopted here. I am not a financial man and I do not know what our position would be, but speaking as a layman I would think that as a young country without the resources of the United States, that type of program would have a serious effect on our whole economy.

By Mr. Quelch:

Q. I realize it is hard to differentiate between the policy and powers of the Wheat Board and government policy, but am I correct in saying that as far as the Wheat Board is concerned, they have no leeway whatsoever in meeting the type of competition of the United States selling for soft currency and making gifts and the Argentine making barter agreements? You have to sell for hard currency?—A. Yes.

Q. You have no right to make any other kind of a deal?—A. When the bill is finally paid to the Wheat Board it must be in Canadian currency which is the only currency we can pay to the producers.

Q. There has been a great deal of criticism of the United States' policy, but on the other hand there is a universal demand today that ways and means be found of getting surplus goods to other nations. They are at least meeting that demand. It has been said, of course, that that is in the form of a gift but there is another situation. For a number of years, Canada and the United States have had an unbalanced trade, that is Canada has had a serious unfavourable balance of trade with the United States and the United States had made it possible for Canada to meet that by large scale investments of American dollars in Canada. If it became the policy of Canada to make similarly large scale investments of Canadian dollars in some of the European countries that would be making dollars available to the people to whom we may sell the wheat. In other words, is this difficulty in selling wheat partly due to the fact that the countries wanting our wheat have not got Canadian dollars?—A. That is sort of a double barrelled question and I will have to give you a double barrelled answer. Certainly if there was more Canadian dollars made available to these countries by this kind of an arrangement we would be on better terms to compete with the United States. But, what the ultimate outcome would be of Canada trying to outdo the United States, I do not know. That is the danger. It might create a situation whereby we might have a very weakening position in the grain markets if both countries were running around the world trying to beat each other on that kind of a policy.

Q. On the other hand, could not the United States say to Canada we are helping you by investing American dollars in Canada; you have a favourable balance of trade with Europe and there is your obligation to invest Canadian dollars in Europe.—A. I am afraid that is a little out of our field. I do not know very much about international finance.

By Mr. Charlton:

Q. Mr. McIvor, you mentioned here something about stockpiling in your first page. In your opinion is that situation still existing and is the stockpiling still going on rather than maintaining equilibrium on the customers who were previously our good customers?—A. I think practically all of the stockpiles, with the exception of perhaps one or two small nations in Europe, has all gone now into the grist.

Q. This stockpiling is diminishing?—A. It is gone.

Q. And if there were short crops in some of these exporter nations there should be an increased demand from here in?—A. Well, we certainly hope so.

Q. Were there to be short crops in a few of the export nations, and with the stockpiling down, you would normally expect an increased demand, would you not?—A. Yes. There has been an increased demand this crop year.

The CHAIRMAN: What do you mean; this current year or 1953-1954?

The WITNESS: I think Mr. Charlton is referring to the present situation.

Mr. CHARLTON: Yes.

The WITNESS: 1954-55. I do not know whether we have the previous year. We could give you those figures. There has been an increase in the over-all demand.

By Mr. Charlton:

Q. In your own opinion how important is that particular situation of this stockpiling? Do you feel nations try to stockpile on low market, gambling, as it were, in the wheat business, or is it for strategic reasons?—A. I think the stockpiling in Europe had its origin in the Korean trouble. As you remember, there was a great state of alarm and all commodities bounced up in price; not only grain but other commodities as well, which I think was brought about to a considerable extent by stockpiling operations of all commodities in view of the uncertain world situation. The total volume of exports from the four large exporting countries to March 31 this year was 509 million compared to 414 million for the same period a year ago.

Q. Did you find that the decreased tension in this cold war situation has any effect on that now?—A. Oh, yes. The last time I was in England no one mentioned reserve stocks at all. I think it definitely has.

By Mr. Castleden:

Q. In your table on page 11 it shows that we lost in our trade to Europe about 100 million bushels, 40 million of which was to the United Kingdom. That trade was lost largely to the United States.—A. The main reason for the decline in the United Kingdom was the very point Mr. Charlton has mentioned, that is, the reserve stocks going back into the grist plus an improved crop as compared with the year before.

Q. But there were sales made by the United States in Great Britain?
A. Not very large; nothing unusual.

Q. If the United States continues its program of underselling the other countries in the world market, if the C.C.C. sells the grain and the farmer receives parity prices and the United States treasury makes up the difference, that in reality is placing the Canadian farmer in effect in competition with the United States treasury?—A. That is what has been happening there for quite a while.

By Mr. Pommer:

Q. If Canada were to engage in a give-away program in competition with the United States, would we not be at a greater disadvantage ultimately as far as prices are concerned?—A. I think we would, yes.

Q. That would be my concern.

By Mr. Tucker:

Q. One of the thoughts which has occurred to me, Mr. McIvor, is this: you said if we engaged in the same sort of policy as the United States, you thought it might lead to a debacle in wheat prices. Would you explain why you think in the light of the fact that the United States is doing it and the Argentine is doing it, why the entry of Canada would bring about a debacle; why do you say that?—A. Without trying to read the minds of the people responsible in

either country I would say they definitely have an objective in mind. They are going to reach that objective. I think if we enter as a third party that they would try to reach it by other means.

By Mr. Mang:

Q. In your dealing with Britain, has there been any inclination on the part of Britain to emphasize they want to buy our wheat for sterling, or do they prefer to pay dollars for our wheat?—A. We have not had any intimation from them at all that they wish to buy for sterling.

Q. Would you say they preferred to buy with the dollars which they have? A. As far as I know they do. They never even suggested it at any time to us that they should be permitted to buy for sterling. Our business with the United Kingdom is up this year as compared with last year.

By Mr. Argue:

Q. You said, Mr. McIvor, something which is self evident, that if Canada attempted to compete in giving away large sums of anything, the United States with their stronger economy would outclass us in any such program. Therefore, I take it that is one of the reasons why you are not prepared to support taking soft currency on a give-away program. I might say when somebody says we should not get in competition with the United States in giving away I am inclined to agree. But I think there should be some method by which we can cooperate with the United States in order to expand the wheat market. I take it from your evidence this morning that the Argentine which is a much weaker country than Canada economically has been able to adopt a method of trade which not only disposes of its large quantities of export wheat by half in the agreements they have signed, but might now dispose of even larger quantities of grain. It seems to me Argentine is a much weaker country than Canada and if the Argentine can successfully export all its surplus grain then Canada, in a much stronger position, economically, should have much less difficulty in getting rid of any surpluses we may have. Is it not also true that in the Argentine there is a floor price of about \$2.75 a bushel, and is it not correct that not only has the Argentine found a method by which it can get rid of its surplus wheat but also has a much higher support price than Canada and is a country that is weaker economically?—A. I have never been in the Argentine. Mr. Davidson has and he would be more familiar with the situation. But I do not think the two are exactly comparable. For example, I think a lot of the materials being imported in the Argentine are something which we have ourselves in Canada, and which I think would make for great difficulties in respect to that kind of trading. One of the important considerations in connection with that kind of trading—and I am speaking as a layman—is that we in Canada have a lot of friends in the world as far as wheat is concerned, which I think is helping us under the present difficult position. We have, I think, achieved that position on, one, the basis of the quality of our wheat which is certainly important, and two, that we have always dealt with everybody in the world on an impartial basis. We have never made one deal for one country and another deal for another country which would have very dangerous aspects.

As I understand the situation in the Argentine there are two types of currency; there is one currency which is used for the purpose of purchases at home, and another currency which is used for the sale of articles abroad. There is a third currency used for the purchase of articles abroad. So it is very hard to evaluate the position of the Argentine when you start to compare their three different currencies. Then I would say this again, not knowing too much about it, that you do not have the same choice of purchases of materials in the Argentine

that you have in Canada. I mean the pattern of trade rather follows the type of materials they bring into the country. So that it does bring in its wake quite a different type of economy than we have in this country.

Q. Following that, we are not able in your opinion to adopt the American policy or the Argentine policy and we have our own policy, cash on the line. To what extent do you think our Canadian policy will be successful in disposing of whatever surplus of wheat we may have on hand over and above normal export market. In other words, have we a problem which we can and will solve within a reasonably short time by our own methods?—A. I think in order to answer that question one would have to know what our production will be in western Canada this year. If it came about—and I am not prophesying or even thinking it—but, if it came about that we had a crop of around 300 million or 350 million of high grade wheat, I think our position twelve months from now would be decidedly different than it is today in regard to our higher grades of wheat. I do think we are in a testing time now and I think, Mr. Chairman, if I may refer for a moment to the supplementary report, the last paragraph expresses the board's opinion which is incorporated in that report. We said there:

Marketing operations under these conditions require time, patience and perseverance in meeting day-to-day problems until a better balance occurs between wheat supplies and available markets.

I think that is the sensible approach to this problem we are in at the present time.

Q. I have one other question. No one can tell, but I am inclined to think that informed opinion is coming more and more to the conclusion that the American wheat producer this summer is likely to reject acreage reduction which he must accept in return for the higher guaranteed price. If you do not care to comment on this I will have no objection at all. Do you not see in that a possibility of a very grave danger to the whole international market for wheat if the American wheat producer gets to the point where he is free, as he has always been and the Canadian farmer has always been, to produce the maximum wheat at a maximum price of about \$1.19 a bushel, that the danger of a substantial drop in the international price for wheat is to be greatly increased and that is the unknown factor which is the big worry to everybody at the moment.—A. I do not think I should comment on that beyond this, to say that I do not think, as a wheat board or a marketing agency charged with the responsibility of getting the best price we can for the wheat, we should try to look too far into the future as to what might happen in respect to the American policy. Our problem is today, whether we like it or not, largely a day-to-day problem of trying to dispose of our wheat abroad at the very best price and I think we must approach our problem on that basis.

Q. Is not that the kind of situation in which cooperation and planning and looking into the future are required? I have always said, and I am sure will always be able to say, you are doing an excellent job of marketing our farmer's wheat, considering all the factors. But is not that the kind of thing, over which the Wheat Board has no control, which may leave our Canadian wheat producers in trouble?—A. I certainly would not want any misunderstanding in this committee. We have worked closely with the United States in discussing our mutual problems and I do not think there is any member of the board who would like to see that approach discontinued. I think we feel we should continue to discuss our problems back and forth frankly one with the other and I would hope that as a result of that perhaps their program would not be carried on with the same momentum as at the present time.

By Mr. Charlton:

Q. In any of your business with Washington, has there been any indication to you that the American farmer would reverse his position of a year ago on this particular question?—A. I do not know. The only thing I know is what I have read in the newspapers.

Q. There has been no indication given to you as to the feelings of the American farmer?—A. Not to me.

Q. I take it that a year ago he was very definitely for the price with the controlled acreage?—A. Yes.

Q. Why should he wish to reverse the position?

Mr. ARGUE: Because he is being asked to reduce his acreage by 30 per cent and the difference in the probable price he thinks he may receive is not worth the acreage reduction he must accept.

The WITNESS: Mr. Davidson, here, has some figures which I think we should look at. I am inclined to think that we have been a little too pessimistic here in discussing this question. Argentine exported up until March 31, 91 million bushels of wheat. And last year at the same time they exported 77 million bushels. Australia exported 58 million bushels this year and last year 40 million. Canada has exported 172 million bushels. This is wheat and flour. In wheat alone I think we are up about 8 million bushels, but our flour exports are down a bit; we exported this year 172 million bushels compared with 171 million bushels or a gain of 1 million bushels against the same period a year ago. The big gain is in the United States where the exports are 188 million bushels compared to 126 million bushels.

By Mr. Tucker:

Q. The question I should like to ask Mr. McIvor is whether or not all these programs he has mentioned for disposal of wheat other than in a commercial way are not handled through the Commodity Credit Corporation of the United States?—A. There is certain machinery set up. The wheat, as I understand it, can be bought either from the Commodity Credit Corporation or can be bought in the market. There is certain machinery set up in Washington which provides for the payment for this wheat. I am not sure just how the machinery works, but there is certain other machinery which takes the foreign currency against the exchange of American dollars.

Q. I thought the surpluses were in the hands of the Commodity Credit Corporation and would have to come out of their hands?—A. Down there the producer obtains a loan on his wheat and I think he has until April 1st to redeem that loan or the wheat falls into the hands of the Commodity Credit Corporation. I think he has up until the 1st of April to redeem the loan, pay it off, and sell the wheat on the market. So there is some wheat in the United States that is outside the hands of the Commodity Credit Corporation.

Q. It is being put out under these various schemes?—A. Yes, but I think the bulk is commodity credit.

Q. Would it not be possible from the report of the Commodity Credit Corporation to Congress to find out how much wheat they actually disposed of under these various programs?—A. I have not seen their actual report.

Q. What I had in mind was the actual number of bushels they have disposed of by these various programs, accepting soft currency and giving assistance to backward countries and so on—the number which actually went out other than through commercial channels.

Mr. QUELCH: You also have to include the Mutual Security Act.

The WITNESS: Yes.

By Mr. Tucker:

Q. As I understand it, this program in the United States has had a disturbing effect and I wondered what the extent was in bushels?—A. There are three types of programs. One is called the Mutual Security Act, P.L. 665, Section 402, and then the Agricultural Trade Development and Assistance Act, commonly known as 480. Now, we do not have the bushelage but we have the dollars. These are the published figures. They cover bread grains, wheat and flour. The total is \$165 million.

Q. Would that be roughly 100 million bushels?—A. I think the price is based on the delivered price. They pay the freight on some of their wheat. Mr. Davidson explained that these figures are not up to date but are the last figures we have.

Q. Mr. Howe mentioned a figure of 205 million bushels?—A. I think that if we add all the figures together 200 million dollars would certainly be right.

Mr. McCUBBIN: I take it that you are inclined to believe that these countries which might trade with Canada have really nothing in a substantial way to return to Canada which we need and therefore the Argentine policy of barter trade would not be a good policy to work on in Canada. Is that right?

The WITNESS: Quite frankly in dealing with the barter question I was dealing with a subject which I know very very little about and I was expressing a personal view.

Mr. QUELCH: And you have no power to act anyway?

The WITNESS: That is right.

By Mr. Argue:

Q. Regarding these figures you gave us as to Canada's export to other countries for the period ending March 31 of this year, we have been told that this year things are improving as far as export sales of wheat are concerned. I realize there is some time lag between the sale of wheat and the actual delivery. Do you see any likelihood in the present situation of Canada's percentage of the world market being increased over the percentage shown by the figures you have just read to the committee, or will we do well to hold our own as at that percentage just read to the committee, or will we do well to hold our own as that percentage?—A. In answer to that question, our actual sales are up from last year—our sales at this time compared to last year. I do not think I should attempt to tell you where they are up. We are in quite a competitive business here and I do not think we should be dealing with the current export position. The only thing I can say is we are up compared to the same date a year ago. Where we will end up in respect to our export will depend on the volume of sales that we can conclude between now and the end of the crop year. But I can say our sales are up compared to last year.

Q. If your sales are following the exports in any close proportion then sales are not up significantly? I am not telling you they are not up significantly but exports are certainly not up significantly.—A. Our sales are up proportionately a good deal more than our exports.

THE CHAIRMAN: May I make a suggestion here. I was waiting for Mr. McIvor to get through with the first general item before asking him to sit down, but he has been up on his feet now an hour and a half and possibly we could allow him to sit down.

By Mr. Argue:

Q. You said that the current figures as to export sales are not usually available. I have in my hand the International Wheat Agreement sales—purchases for the crop year 1954, which is report No. 41, which shows the sales to date. Without wishing to argue, is this not a very up to date public record of the sales covered by the International Wheat Agreement?—A. It is, but it only relates to the International Wheat Agreement sales. The United Kingdom, for example, are not members of the agreement and they are our largest market.

Q. If you look at the figures,—I have May 20. Is that your date? It is right at the bottom?—A. You are more up to date than I am. I guess it must have been published after I left home. I would like to deal with only the statement I have here which is May 13. Canada's guarantee under the International Wheat Agreement is 152 million and as at May 13 we had registered under the agreement 103 million which cannot be too far off. The United States' over-all figure is 195 million bushels whereas they have registered 129 million bushels under the agreement. So, the figures are for Canada, 103 in relation to a quota of 152, and for the United States 129 in relation to their quota of 195. Of course the United Kingdom are not in these figures at all which is our main market. In addition to that we have sold wheat to countries who are signatories to the International Wheat Agreement on a Class II basis.

Q. There are $2\frac{1}{2}$ months to go until the end of the International Wheat Agreement and Canada has sold about $\frac{2}{3}$ of our allotment, the United States $\frac{2}{3}$ of their allotment and Australia almost all of hers. Does it look to you as if we will get up close to the total allotment of 152 million bushels or are some of the countries likely not to purchase the allotment?—A. The only answer I can give you is I hope we will get up as close to our allotment as possible.

Q. How close did you come last year?—A. Actual registration of sales of wheat and flour under the agreement totalled 90·9 million bushels against a guaranteed quantity of 150·8. So we are up from last year.

Q. There is just a little over two months to go which is a little over $\frac{1}{6}$ of the year still to go and you have $\frac{1}{3}$ of the sales yet to make. Is it customary that a lot of sales are made in the last couple of months in the year or do they go along fairly uniformly throughout the year? Are you likely to make up most or half of this?—A. I do not know. As a board we are doing our utmost to increase our business as substantially as we can between now and the end of July.

By Mr. Quelch:

Q. Are any of the importing countries away below their quota?—A. Yes. For example, you have only to look at this list here. First of all I would like to explain no country under the wheat agreement must take their quota.

Q. Unless you lower the price?—A. Unless the price goes to the minimum. I think that should be made plain. If you look at this list of countries and take Mexico for example, they have a quota of 11 million bushels and they have not taken a single bushel.

Q. Where have they been getting their wheat?—A. They have been using their own. They had a good crop. Now you come along to India. India have a guaranteed quantity of 36 million and they have only taken 24 million.

Q. Was that again a question of a big crop?—A. Yes. Again there was a very big crop in India. Of the 24 million bushels, Canada supplied a little over 2 million, Australia 16·9 and the United States 5·3 million bushels, under one of their disposal programs.

By Mr. Tucker:

Q. To which country was that?—A. India. So you can see when you look at the global figure in this statement you have got to keep in mind also that there are some countries which have not taken any wheat on any part of our quota. We hope they will take it but time is getting on and it may be they will take very reduced quantities and they do not have to take it unless it goes down to the minimum.

By Mr. Charlton:

Q. Is it not true ordinarily your sales would increase when the lake shipping opens up?—A. Yes. That is the usual experience. When the St. Lawrence navigation opens up, the tempo of the sales usually increases. The St. Lawrence Ports have done substantially better than last year in their shipments. The maritime ports came very close to a record last winter. Vancouver is down because of the fact that the ocean freight rates out in Vancouver have been out of line, largely as a result of factors over which no one has had any control. The same amount of tonnage has not been made available to Vancouver as in previous years and this has had the effect of cutting down the Vancouver movement to the European area.

Q. What about the port of Churchill?—A. I would say Churchill will exceed their shipments of last year.

Q. That does not open up until almost July?—A. Usually the very last day or two in July and closes usually in early October.

By Mr. Tucker:

Q. Has there been any advantage to Australia in disposing of her wheat through her being a member of the sterling bloc?—A. A think for a number of years it was a decided advantage due to the fact that sterling was much more easily available than dollars. But our good friends in Australia tell us now that this advantage disappeared and that sterling at the current rate of exchange is just as tight as dollars. But they did have that advantage certainly for a number of years after the war in disposing of their wheat to other countries in the sterling bloc such as India for example.

Q. As far as international trade is concerned at the prevailing rate of exchange sterling has become in effect hard, I do not refer of course to blocked sterling. Sterling in international trade at the prevailing rate of exchange is in effect hard currency?—A. I understand that sterling is just as difficult as dollars for a country that has to take other currency and exchange it at the current rate of exchange.

Q. If we were ready to take sterling from Great Britain which is unblocked sterling it would be just as hard to sell to Great Britain as if we were ready to take dollars?—A. Others can answer that better than I can.

Mr. QUELCH: No one suggested we should be on blocked sterling.

The CHAIRMAN: What he was getting at is that Australia being ready to take unblocked sterling is not at any advantage over Canada who wishes to have dollars because I understand there has been no advantage to Australia in recent times.

The WITNESS: I can only tell you what the Australians have told me themselves.

The CHAIRMAN: Can we carry the first item and go on to item No. 2, "The Canadian Position".

The WITNESS: Section 2 deals with the Canadian position and makes reference to the record harvest of 1952 and the very large crop of 1951 and that, grain production in 1953 was for the third successive year substantially above the levels of grain produced in any other period. Then it shows the phenomenal production and the interesting fact that when you compare the average production from 1946 to 1950 to the average production of 1951 to 1953 the former figure is 724 million bushels compared to 1,200 million bushels which of course is the very important point in this whole discussion. We have been producing at a rate away beyond that of previous years with the exception of the last crop. That is about all I have to say except, Mr. Chairman, that during the three years from 1951 to 1953 prairie production over all those years averaged 1,200 million bushels, annually, attaining the level of 3,600 million bushels for the three year period, or only slightly below the total production of 3,620 million bushels which occurred in the previous five years. In other words, we raised in three years what we had raised in the previous five years.

— *By Mr. Argue:*

Q. The previous five years were not necessarily all normal crops; there were one or two fairly low crops. I would think myself that the long term production of wheat is likely to come above the 357 million bushels. If I remember correctly you told us last year that since the 1953 crop was a good grade of wheat and since at that time you had on hand almost all high quality wheat that in fact No. 2 wheat was a drug on the market. You got rid of the No. 2 wheat, I take it, and it is no longer the same drug on the market?—A. You are quite correct. We did have at that time a definite preponderance of No. 2 Northern wheat but we have had good demand for this grade, although in the transfer we made into this present crop year the biggest proportion was No. 2 Northern wheat.

Q. Having that and also the present quantity of low grade wheat you have on hand a pretty fair and wide selection and a better balance than perhaps a year ago in grades?—A. We have a good balance in grades except for No. 1 Northern. We do not have a great deal of No. 1 Northern but as far as the other grades are concerned, we have.

By Mr. Charlton:

Q. Is it not true that the average of 1946, of 357 million is higher than the long term average?—A. I do not have the figure in front of me.

Mr. DAVIDSON: If you place your acreage at 24 million acres and average yield around 17, that would give you an average production of 408 million.

Q. Long term average?

Mr. DAVIDSON: Yes. I am putting the acreage at 24 million. We have run between 23 and 25.

Mr. CHARLTON: I was under the impression the long term average was only around 325 million.

The CHAIRMAN: I would think your average would be pretty high.

The Rt. Hon. Mr. HOWE: It is not that high.

By Mr. Castleden:

Q. If you put the 1954 figures in there it will throw that down.—A. 1954 production?

Q. Wheat is what?—A. 267 million.

By Mr. Argue:

Q. This may not be the proper place to ask this question. There is a widespread belief right all through that there is not as much wheat on the farms as you see in the statistics made available and of course the less wheat there is on the farm the easier it is to get rid of it. I am sure in my own mind that the figures are exaggerated.—A. The last figures perhaps indicate some slight reduction.

Q. Have those figures been modified or adjusted to the widespread belief that they have been too high in the past?—A. I think we can give them to you.

Q. I would like to have them.—A. I will give you these figures here. Wheat 189·7 million bushels.

Q. On farms?—A. That is the amount.

Q. That is the amount the elevator agents estimate will be delivered from the farms as of May 11. It is 189·7 for the three prairie provinces as of May 11. Now, dealing with this, Mr. Argue, we can only say that the figure delivered to May 11 is 178·6, total 368·3. That is the figure showing the amounts delivered and to come. Our previous figure was 379·7.

The CHAIRMAN: How were the first figures arrived at?

The WITNESS: We send out a questionnaire to all the elevator agents in which we ask them these questions and they go out at regular intervals and then the elevator agents get together and fill this questionnaire and I believe they all sign it.

By Mr. Argue:

Q. Has it ever been mentioned to you that the elevator agents are likely to err on the side of overestimating the grain on hand because they feel to some extent the number of box-cars they get into that point will depend on the amount of grain they show in the area, and hoping to get box-cars in as good a proportion as possible they are likely to err on the side of saying there is more grain on hand than there might be?—A. It has been mentioned to me.

By Mr. Quelch:

Q. In 1953 when you threw the quota open in July that was partly because you felt there was less wheat on the farms than there should be?—A. Well, we had, I think, quite a discussion last year in the committee on this question.

Q. There would not be the same reason as that now because it is on the cultivated acreage?—A. I do not know, but I will say this to give the elevator agents their due, that over the years the figures they have given us have been fairly accurate. I think that should be said in fairness to the agents. While I have heard all kinds of things said about these figures our experience has been entirely satisfactory.

Q. When Mr. Wesson of the Saskatchewan Wheat Pool makes his public statement that the estimate is too high, has he any different or better source of figures? His agents must be part and parcel of the agents who send you their reports?—A. I do not know what was behind his statement. I read it.

The CHAIRMAN: Your figures show they were 11 million higher so he would be justified in saying they were higher.

The WITNESS: You might be interested in the other grains which show some decrease.

By Mr. Charlton:

Q. I wonder if Mr. McIvor could give us any indication of the past 20 years variation in wheat acreage and yields. Apparently there has been a huge increase

in yield per acre over the last four or five years in comparison to previous years. Have you any statistics in regard to that?—A. We can get them for you.

Q. It would be very interesting to see the increase per acre in yield, just for wheat.—A. I think we have the figure here now.

Mr. DAVIDSON: The long term average for wheat on the prairie provinces is 15·9.

Mr. CHARLTON: 15·9.

Mr. DAVIDSON: Yes. In the last ten years the figure has been 17·8.

Mr. CHARLTON: Almost 1·9 bushel increase in the last ten years?

Mr. DAVIDSON: Yes. That includes the tremendous crops of 1951, 1952, and 1953.

Mr. CHARLTON: Have you that narrowed down to the last three or four years?

Mr. DAVIDSON: In 1951 which is the first of the big crops, the average yield was 21·7 per acre.

The WITNESS: Mr. Chairman, we have a new departure in our annual report this year and if you turn to the addenda, page one, you will find there that there are very complete tables on our production of grain over the years and the yield per acre, the total production of principal grains in the prairie provinces. This year we put in those tables because we thought it would be useful to the committee. I think everything is covered there, Mr. Charlton.

Mr. CHARLTON: Yes.

The CHAIRMAN: Can we carry item No. 2?

Agreed.

Item No. 3, "Legislation".

The WITNESS: This is very short. There are no amendments to the Canadian Wheat Board Act.

The CHAIRMAN: Shall the item carry?

Carried.

Item No. 4, "Crop Development and Supplies".

The WITNESS: I think if we have largely covered that unless there are some questions.

By Mr. Pommer:

Q. Mr. Chairman, the amount of production in 1954 was 267 million bushels. What acreage of wheat was that?

The Rt. Hon. Mr. HOWE: 24,624,000 acres.

Mr. POMMER: In 1954?

The WITNESS: It is on table 1 of this report, Dr. Pommer? 23,437,000.

Mr. POMMER: Thank you.

The CHAIRMAN: Shall the item carry?

Carried.

Item No. 5, "Transportation".

The WITNESS: This part of the report deals with the movements of western grain. In the top column it shows the deliveries from producers of all grains. You will note that the figure is 610 million which, while it was down from the previous year, it was quite a substantial figure and then there are the shipments

of 576 compared to 747. On the Pacific coast there was a big movement, 135 compared to 124, lakehead receipts are down 360 compared to 530 and lakehead shipments 351 compared to 516. I would like to say that we had the most satisfactory co-operation from the railways and lake boats, and in particular I would like to express our appreciation to Mr. Milner, the Transport Controller, who has been very helpful to us. I would also like to express our appreciation to the Board of Grain Commissioners.

By Mr. Argue:

Q. Mr. McIvor, could you tell us, if since the percentage figures were given last year to the committee by Mr. Riddell, whether there has been any substantial change in the amount of wheat which is being moved out from various elevator systems as compared to this statement? In other words, are the pools getting more than 43 per cent and the line elevator companies less than 56 per cent or vice versa?—A. As a matter of fact we are carrying out a certain policy this year. We, as a board, at the start of the year, made up our minds in carrying out the policy that we were not going to provide the companies with the percentages which each company was getting. Now the reason for that is obvious. We would spend the rest of the year arguing with people whether they should get "X" or "Y" percentage. I do not know whether you have talked to the pools about it. I have not talked to them about it, but we certainly have not had any complaints from them. I do not think that we should be called upon to provide the percentages which would mean a great deal of difficulty for our board.

Q. As I understand it last year—correct me if I am wrong—there was a definite policy in the statement that was made to this committee of calling out, which meant a policy, about 43 per cent. I do not know whether or not I could find it in the record.

The Rt. Hon. Mr. HOWE: I never heard that statement made. The figures may have added up to that at the end of the year.

The WITNESS: I have it here, at page 43 of last year's report. Your question to Mr. Riddel was:

Would it be fair to say that the percentage which the Saskatchewan Wheat Pool has received of the Wheat Board orders is in the neighbourhood of 43 per cent?

And Mr. Riddel's answer was:

It would be based largely on stocks, and in other cases on the number of elevators in the area, from which we happened to be shipping.

By Mr. Argue:

Q. Then do I take it on the basis of the number of elevators and quantity of grain on hand at each of the elevator systems, the 43 per cent was something which came up as a result of those figures rather than a policy itself which may have been what Mr. Riddel meant. I am not too sure.—A. I do not know off hand what percentage they would get. If I did know it, I have forgotten it.

Q. Is it not a fact that since this time for one reason or another the wheat pools have in fact been getting somewhat better percentages, perhaps 2 or 3 per cent better?—A. If we were going to answer that question I think we should just as well put the percentage figures on the table.

Rt. Hon. Mr. HOWE: You are not entitled to what the policy of the board is. I do not know what it is and I never asked.

Mr. ARGUE: On the basis of the present report we have before us I might ask what percentage was dealt with on the basis of this report?

Rt. Hon. Mr. HOWE: This report was for 1953-54. If you keep to that one you are quite safe.

By Mr. Argue:

Q. It is for a pool year up to April 29.—A. There are two reports, July 31 and the supplementary report.

Rt. Hon. Mr. HOWE: Why get everybody into an argument? The pools are satisfied, or they tell me they are, and everybody seems to be satisfied. If you drag out those figures you will start a lot of arguments as to whether or not somebody is getting what they are entitled to.

Mr. ARGUE: I think those figures are in the hands of the pool organization at any rate. The farmers themselves are not at all satisfied. They are very dissatisfied with the percentage that goes into any given point.

The CHAIRMAN: The pool operators will be here next week and no doubt will give you their figures.

Mr. ARGUE: These figures were made available last year. I do not wish the current figures, but was there any change in the amount that was called out from the different elevator systems in the policy report we have before us and the period in which the reports were before us one year ago?

Rt. Hon. Mr. HOWE: You are entitled to the figures, if they are available up to a point, but you are not entitled to the change in the policy.

The CHAIRMAN: The figures last year were a table published by the Sanford-Evans Statistics House in Winnipeg and they were referred to in the committee but were actually not figures by the Board of Grain Commissioners.

By Mr. Quelch:

Q. Who lays down the policy? Does the Wheat Board instruct the transport controller?—A. The system the Wheat Board follows in ordering out grain and I would like to preface my remarks by saying how important this car distribution is, and I am not minimizing its importance nevertheless, the most important thing as far as the Wheat Board is concerned, is to get the kind of grain moved which can be sold. I think we all realize that. Now, this results in special types of orders going out which perhaps only certain companies can fill. It may be to pools or to somebody who may have in their elevator facilities a certain type of grain that is not available in the other houses. But nevertheless what we do is to follow a policy on the grain we order of distributing the orders to the companies concerned on a basis and those companies in turn distribute the orders to the local country points. We do not do that end of it.

Q. Have you any figures to show what percentage of the total of country elevators are owned by the pools?

The CHAIRMAN: We had that table I referred to, the Sanford-Evans statistics to which we referred, as I said before, last year.

By Mr. Quelch:

Q. A few years ago the allocation of cars was based largely on the storage capacity of the country elevators excluding the annexes not connected to the elevators by an auger.—A. The allocation of cars over the years has been on a number of bases actually.

Q. I remember at the time there were a lot of complaints lodged on account of the fact that the annexes did not have an auger connecting them to the elevators and were left out of the calculation. They wanted all the annexes to be brought in.—A. I think that was back in 1939.

Q. It was quite a while ago.—A. At that time it was administered by the Board of Grain Commissioners.

Q. At that time apparently we did take into consideration the percentage of the storage space owned by any one elevator company in the allocation of cars, but now we have departed from that idea.—A. I have forgotten about it now.

By Mr. Argue:

Q. If I might amend my previous question in line with the minister's suggestion, namely to keep it within the time under discussion, rather than the present policy, could we have the figures as to the percentage called out from the feeders and line elevator companies within this period?—A. I do not have that.

Q. From your knowledge would it be greater than the percentage which was given last year?—A. I am sorry, but I do not know.

Q. I was informed, correctly or otherwise, that the Alberta Wheat Pool were getting a percentage of the total last fall about 2 per cent up from the previous period and they felt somewhat happier about the situation than a year ago. Is that about the situation?—A. I do not like to mention any particular company but we have been carrying out this policy and I should say I think we have not had any serious complaints from any of the pools. As a matter of fact, we have had no complaints that I know of.

Q. Do you know that on the general question of box-car allocation there have been a great many complaints—perhaps not to you?—A. I am only speaking of the policy which has been carried out by the Wheat Board. I do not know of any complaints from the pools in regard to it.

Mr. QUELCH: Apparently the complaints were all made to Western members.

Rt. Hon. Mr. HOWE: I have found that proportion. In 1952-53, which is the last year recorded here, the Saskatchewan Pool had 38.84 per cent of the elevators and handled 45.1 per cent of the grain; the Manitoba Pool 36.8 per cent of the elevators and handled 47.1 per cent of the grain.

Mr. QUELCH: Would that percentage be a pretty fair indication of the storage capacity of the elevators?

The CHAIRMAN: One figure is storage capacity of the line.

Rt. Hon. Mr. HOWE: I think it is the numbers of elevators.

Mr. QUELCH: Yes, it would be an indication of the storage capacity.

Rt. Hon. Mr. HOWE: The Alberta Pool in 1952-53 had 29.2 per cent of the elevators and handled 33 per cent of the wheat. Those are the figures for 1952-53.

Mr. QUELCH: The Saskatchewan Pool is better off than the Alberta Pool?

Mr. CASTLEDEN: But not as well off as Manitoba.

By Mr. Argue:

Q. When you take into account the factors as to the quantity of desirable grain on hand at the various elevator systems, do you not find in the cooperative elevator system there is a higher percentage of available storage capacity used for that grain than in any other system or in most of the other systems?—A. The grain that is in demand?

Q. Yes?—A. There may be a higher bushelage, but I would doubt there would be a higher percentage related to other grain companies.

Q. I did not make myself clear. A higher percentage related to the capacity of the elevator or the system. Do you not usually find when you look for No. 2 Northern wheat that for No. 2 Northern related to the elevator capacity there is a higher percentage in the co-op or pool elevators, than in any other system; or do you not usually find that the percentage of available capacity used by any elevator system is highest with the farmer owned system?—A. Yes, I would think your latter point is correct. I am not sure on your other point. I would

be inclined to think that the pattern of grades lying within a point generally would fall about even with the companies but there would be some exceptions such as malting barley and certain types of low grade wheat and oats where you get special orders of oats and we have to meet these orders and sell the grain. We cannot turn down business if it comes our way.

Q. In your relations with the railway companies, would you give me a hypothetical illustration of how you contact the railway companies and/or the transport controller in relation to bringing forward a quantity of grain which you desire?—A. In the first place, dealing with mechanics on the grain that we haul forward, we give to company "A" a certain over-all order. We will probably say at the present time that we want these orders allocated to points where the farmers have not as yet delivered their four bushels in order to provide space at these points. The companies themselves would order the cars into the points concerned. Dealing with your specific question, if for example we got a telegram that at point "X" cars were not being sent into that point, we would probably first of all check with the elevator company to see whether they had ordered the cars to that point—because naturally if they did not order cars to that point the point would not get cars. We then would probably call Mr. Milner and the railway and say that at point "X" the cars were not going in and we would like him to talk to the railways about getting cars sent into that point.

Q. When you want to get cars into point "X" do you usually call Mr. Milner or the railway companies, or both?—A. Both, probably. If Mr. Milner is in the city we would probably call him first, and then the railways. Mr. Milner would probably tell us the more pressure brought on the railways the better and he might suggest we should call them also.

Q. Have you ever known of a situation in this period in which the railway companies failed to bring out the grain in sufficient quantity in a certain period so that you could make a sale? You have never been held up in sales operations through a lag on the part of the railway system?—A. We do not want to use the words "through a lag" of the Railway system.

Q. Have you ever been held up because you could not get the grain out in a reasonable length of time? A. Well, we have sometimes hesitated about selling beyond a certain point on a certain grade figuring that it might not be possible to get that particular grain forward within the terms of the sale.

Q. If you find that difficulty within the terms of making a sale, is it because the distance involved and the normal speed of the railways makes it impossible for you to meet that commitment when they take that period of time or is it a shortage of box-cars?—A. No, I do not suggest a shortage of box-cars. I suggest that there is a certain point that the railways might find it to be impossible to reach. Our loadings have been quite good lately running around 1,500 cars a day, but to use an exaggerated illustration if you had to say "Well we want to get this thing up to 3,500 cars a day in order to meet that sale, we would know it would be beyond the physical capacity of everybody, the railways, elevators and everybody else. So, in answer to your question, have we ever been held up for sales in a general way, we have been able to fill our demands but there may have been occasions when we thought it might be beyond the capacity, of railway and other facilities.

Q. There is no general problem of a shortage of box-cars making it difficult to get the grain from the farmer to the consumers?—A. I would say in answer to your question that the railways are doing a good job supplying box-cars.

By Mr. Castleden:

Q. Do I understand you to say that there have been no complaints from the Saskatchewan Wheat Pool with respect to the allocation of cars?—A. No, I did not say that.

Q. They have been satisfied with the system of allocation?—A. No, no. That is not what I said. I think this is important and I want to be careful. What I did say was the Wheat Board received no complaints from the pools. I did not say Saskatchewan Pool; I said from the pools.

Q. Regarding shipment?—A. Yes, to my knowledge. With respect to their proportion which they were receiving under the present system.

Q. Coming to another point, supposing we are using the present system of allocation of orders, you say you will have to place the orders where there is the type of grain and then you will give the orders to the companies having that particular type of grain and only those companies will get box-cars who have that type of grain. Will that not tend to freeze the percentage of handlings; where you ship the box-cars there will be vacancies?—A. I still think there is a misunderstanding there about the ordering of box-cars. We have certain types of grain which we might order the companies to send forward, certain grades or kinds to meet a market. Now the companies handling that grain might be the pools, grain growers, or somebody else. They would benefit from the fact that they had that grain in their elevators. But with respect to the grain we order shipped, we give the over-all orders to the companies and they in turn order the cars at the various points.

Q. Supposing you require 120,000 bushels of No. 4 wheat and in storage there are 600,000, how are you going to decide as to whom you give the order?

Rt. Hon. Mr. HOWE: That is a question which we do not wish to answer. I do not know myself and I do not think the board want to say. It only starts arguments. If the over-all results are reasonably satisfactory, that should be enough. This committee, I think is entitled to know the over-all result. You want to freeze the pattern immediately and I do not think it is possible under this kind of arrangement to freeze the pattern.

Mr. CASTLEDEN: I do not want it frozen.

The CHAIRMAN: Shall this item carry?

Mr. ARGUE: I think we have been sitting now for two and a quarter hours.

The CHAIRMAN: We will adjourn until this afternoon at 3.30.

AFTERNOON SITTING

MAY 24, 1955.

3.30 p.m.

The CHAIRMAN: Order. We will resume where we left off earlier this afternoon. We were on No. 5, "Transportation," on page 3. Can we carry 5 now?

Mr. GEORGE McIVOR, Chief Commissioner of the Canadian Wheat Board, recalled:

Mr. CASTLEDEN: We were discussing the matter of the division of wheat shipping orders as divided out by the Wheat Board in the case of desired shipments.

Now, this is a very vital point in the whole operation of the Wheat Board because it decides to a large extent the amount of business which shall be done by the pools or the line elevator companies. The board has a decision which it will make in dividing the orders and I thought that will certainly decide to a large extent how much business the various grain companies do. I can appreciate the position in which the board finds itself. I think it would be unfair business practice for anyone to give out public information as to what the basis is which you are using at the present time; but what I would like to know is whether or

not there are any safeguards, whether the interests of various companies can be safeguarded in the distribution of cars for wheat shipping orders. I think it is just as vital to the line companies as it is to the pool and I would like to know first of all if there are any safeguards.

By Mr. Castleden:

Q. Is there representation on the board or advisory board? Is this matter discussed when they are making the policy?—A. When we started out on this policy we told everybody that asked us about the percentage that that was something they would have to leave to the Wheat Board. We intended to be as fair as we could and the only proof of the pudding that we could give you is the statement I made this morning that we have not had any complaints from the pools.

Q. You have not had any complaints from the pools?—A. No.

Mr. BRYCE: Mr. Chairman, what I wanted to ask you is for information. Should the House go into agricultural legislation, would we be notified the same as you promised yesterday?

The CHAIRMAN: Well, I don't know exactly what I promised, but I think I said yesterday I would try to arrange with the leader of the House that we would not sit if possible when there was agricultural bills before the House. However, I discussed it with the leader and this is a government day and the business has been, as I said yesterday, previously announced and it is not easy to change the business in the House. We would have to change. I think, as we have the entire Wheat Board here in Ottawa, it is also very important that we dispose of them at least this week and not keep them here in Ottawa any longer than possible. So we are in between the devil and the deep blue sea. I don't think there is an agricultural bill coming up until late today.

Mr. BRYCE: The only thing I wanted to ask you was, I did not want to get in the way of the Wheat Board or any other body but I know there are some members in the Agricultural Committee who are interested in those Agriculture Bills. If you could tell them when Mr. Gardiner's bills are coming up then they could leave.

The CHAIRMAN: I can arrange that easily. I will notify you when they do reach them. You mean Bill 352?

Mr. BRYCE: There are two bills in the name of the Minister of Agriculture.

Mr. CHARLTON: Do I understand then by your remarks that this committee goes on regardless of whether those bills are up before the House?

The CHAIRMAN: We hope by the time the bills on agriculture come before the House we will have adjourned for today.

Mr. CHARLTON: That is hope but not plan.

The CHAIRMAN: Well, there is no planning how long the discussion will be in the House unless you can give some assurance.

Mr. CHARLTON: It would depend on when they were brought up.

By Mr. Quelch:

Q. There is one point I would like to have clarification on. Apart from the box-cars that are required to provide the moving of a special grade of wheat is it correct to say that the general policy is one elevator one box-car—is that true?—A. That is not our policy. Our policy is, as I said this morning, on the grain we now forward, to give our orders to the companies on a certain basis and the companies themselves assign those orders to the various elevator stations. The assignment of the orders is in the hands of the companies. The only thing that we insist upon is that they must receive the quotas at the point; in other words, we would not agree that they be putting cars into eight bushel quota points when we needed relief at four bushel points.

Q. That seems to be the statement that is made repeatedly, that cars are allocated on the basis of one elevator, one box-car. I wonder where it originated.—A. Well, I would suggest if I may, Mr. Chairman, that the pools themselves know what experience they are having under this policy and I understand they are going to be here next week and they can tell you exactly what they are doing at the various points.

By Mr. Johnson (Kindersley):

Q. Mr. Chairman, has the allocation of shipping orders among the various companies always been a part of the Wheat Board policy?—A. No, it has not.

Q. When was it introduced as an active measure?—A. Probably my answer is not quite correct. We have allocated orders in the past but we only adopted this percentage system last fall.

Q. Has it been changed at all since it was first adopted?—A. Do you mean the percentages?

Q. Yes.—A. I think we are right back to the question that I had this morning and if I may say so, I do not think that you should ask the board to give the percentages.

Q. I did not ask you that. I asked you if you had changed the percentage of allocation amongst the companies since you changed the system of allocating them among the companies?—A. Yes, we have.

Q. Are the companies aware of these percentage allocations?—A. Of the percentages, no.

Q. How would they be then in a position to complain, not knowing what treatment they were getting?—A. They would know the volume of business they are getting compared to previously.

Q. Then, if that is true why worry about letting us know the percentages then?

Rt. Hon. Mr. HOWE: The whole thing is this: I don't think it is possible to work accurately to percentages. Suppose you laid down a system of percentages and then some of the companies did not have the kind of grain that is required. Then you would be departing from percentages. You raised the question of percentages; no one else has raised it. Are you raising it for curiosity? If an injured party wants to raise it that is all right, but certainly you are not an injured party in the matter.

Mr. JOHNSON (*Kindersley*): Well, I have been injured in that as a farmer I have had to deliver grain to companies other than those of my choice.

Rt. Hon. Mr. HOWE: But that has nothing to do with this matter.

Mr. MANG: Could there be any possible advantage to the Wheat Board in getting their grain by differentiating between different companies as to how much you give this company or the other company? There is a cloud of suspicion been cast which is getting under my skin.

The WITNESS: I must admit it is bothering me a bit too, Mr. Chairman, I think the Wheat Board in spite of anything that has been said here today has been eminently fair in trying to deal with what is undoubtedly a very difficult position and I think you should accept our word for that.

The CHAIRMAN: Does No. 5 carry?

By Mr. Argue:

Q. Before you adopted your present policy who was in charge of allocating the shipping orders amongst the elevator companies? What kind of a policy existed before the change was made?—A. Well, we gave the orders to the companies just the same as we are doing now but the orders were in many cases on a different basis than they were previously.

Q. Do I take it now that the change in policy has been that in so far as you find it feasible you have endeavoured to allocate the orders on a percentage basis that you consider fair and before it was rather on an ad hoc basis or some other kind of basis?—A. I think we are trying to be fair to everybody, having in mind our obligations in regard to this job.

Q. Mr. McIvor, you said no elevator company has complained to you. Are you aware of the complaints from thousands of wheat producers that there is an unfair distribution of box-cars? If so, have any of those complaints come to you?—A. We get the odd letter, but I think most of them are directed here to Ottawa.

The CHAIRMAN: Shall we carry this?

By Mr. Johnson (Kindersley):

Q. In reference to the final paragraph I was wondering if the Wheat Board suffered any particular loss through the necessity of dumping wheat on the ground at the end of the crop year to try and get the seven-bushel quota in?—A. No, we do not suffer any loss.

Q. No material loss—there must have been some loss?—A. There has been no loss to us. The elevator companies are paid for the grain they deliver. If there was a loss in grade it was a loss to the elevator companies.

Q. Weren't they protected if they brought it in and had to dump it on the ground to get the seven-bushel quota in?—A. We did not give them any undertakings on grades. We asked them to do this in order to get the seven-bushel quota and we took the delivery in the usual way at the terminals and there was no change in the situation as far as we were concerned any more than if the grain was delivered to the elevators in the first instance.

Q. Any loss was suffered by the elevator companies?—A. Yes.

Q. In their efforts to take the instructions of the Wheat Board and dump it on the ground so the farmers could have the privilege of marketing their grain?—A. That is right.

Q. So I suppose possibly the Saskatchewan Wheat Pool followed that practice?—A. Well, some of the other Companies did.

By Mr. Quelch:

Q. In the event of wheat heated in the elevators is that loss absorbed by the elevator companies?—A. Yes.

Q. And the Wheat Board has no responsibility until it is accepted at the terminal?—A. No.

By Mr. Argue:

Q. Have you any figures on the quantity that is lost in annexes and temporary storage as compared to the permanent elevator houses?—A. We have not any figures because we just pay for what we get at the terminal. There are naturally some losses. Before the grain reaches the elevator there are probably some losses in the elevator but we cannot differentiate between the two.

The CHAIRMAN: Carried?

Carried.

No. 6, "Delivery Quotas."

The WITNESS: Well, gentlemen, this is an outline of the quota policy that was followed in 1953 and 1954. I won't burden you with reading it in detail because I think most of you are familiar with the policy that was followed but there may be some questions with regard to quotas that are concerning the committee.

By Mr. Johnson (Kindersley):

Q. Mr. McIvor, would it not be desirable to have Durum listed in the permit book? What I am actually saying there is, a farmer may be growing Durum and hard spring wheat and he has the privilege of marketing an unlimited amount of Durum and yet has a quota upon him for hard spring wheat of, say, two or three bushels and he still has the option of marketing that to the disadvantage of someone who has not been able to market any wheat. Would it not be desirable to put a clause in to say that a person with an unlimited quota for Durum could not market any hard spring wheat until the quota for hard spring wheat has exceeded the quantity of Durum he has sold? I am thinking of equalizing the advantage of the farmers delivering wheat because anyone who can deliver a couple of thousand bushels of Durum is in an advantageous position over someone who has not been able to deliver any spring wheat.—A. You are referring to a man who grows both spring and Durum?

Q. That is right.—A. May I, Mr. Chairman, say that we will take this suggestion under consideration in regard to our new quota policy. There may be some argument against it that I cannot think of at the moment.

Q. It does not affect too many, but to the ones it does affect it creates quite a problem.—A. The reason we do not have a quota on Durum is that there has been a good demand for Durum wheat and we want to get it into a salable position.

RIGHT HON. MR. HOWE: The reason for the present arrangement is to give a premium to a man who delivers Durum.

THE WITNESS: Yes, not to put anything in the way of the delivery of Durum wheat which we can sell promptly overseas.

By Mr. Quelch:

Q. Just what is the policy when a farmer sells his land or dies? Then in the next year do you give a quota to the estate or the farmer he has sold his place to in addition to the quota of the man who actually farms that land?—A. That is one matter that concerns us a great deal. I think I will ask Mr. Davidson to answer that.

MR. DAVIDSON: Up until last July in the last crop year we cleaned up all the oats and barley outstanding in connection with estates and people who had retired. We carried over into the present crop year quite a bit of wheat. Before this present crop year is out we will probably be able to deal with quite a number of these estates and other properties that have been disposed of and so on.

I would say again that the wheat will be a little slower than the oats and barley in many cases.

MR. QUELCH: The actual farmer will be the one who gets the quota and later on you try to take care of the farmer who owned that land?

MR. DAVIDSON: Through special permits.

THE WITNESS: Our difficulty is this, if I may enlarge on what Mr. Davidson has said: as you know, we have had a tight storage position at most places in western Canada. To the extent that you permitted free delivery of the product of these estates, to that extent you would limit the amount of grain that could be delivered by the active and actual farmer, so we try to use a fair amount of judgment in accepting these, depending a great deal on the space situation at the point.

By Mr. Quelch:

Q. It is quite a problem otherwise because when a man sells his farm the new owner wants seed granaries and the granaries are full of the other farmers' wheat?—A. Yes, but the position will be very, very much improved by the end of this July.

By Mr. Argue:

Q. Mr. McIvor, can you describe to the committee the unit quota system that you established earlier in the present crop year and how it worked? It seemed to me it was a step in the right direction. I am wondering what the general reception was of that method of establishing an initial quota?—A. Well, I am going to ask Mr. Riddell if he would not mind dealing with that question because he is more familiar with it than the rest of us.

MR. RIDDEL: Mr. Chairman and gentlemen, I think the unit quota worked very well at the early part of the season, but it was something new, something that had not been tried before and I think a great many farmers had difficulty in understanding what was involved in it. Personally, I think the unit quota should have been extended all through the year because it gave the farmer an opportunity of delivering any kind of grain on a basis of so many bushels per unit for the various kinds of grain. However, there was some misunderstanding about it and we decided to go back to the basis of so many bushels per specified acre rather than continue it, but it worked quite well for the early part of the season.

MR. ARGUE: Does that mean you are not likely to try it this year?

MR. RIDDEL: I would not say that.

MR. JOHNSON (*Kindersley*): There is another point while Mr. Riddell is there. There is a definite effort on the part of the Wheat Board to restrict the number of permit holders by reducing the permits of those who may be farming jointly in any way, shape or form. Would you care to make any comments on the feasibility of that move?

MR. RIDDEL: Under the Canadian Wheat Board Act there is provision that only one permit book can be issued for a farm or farms operated as a unit and the difficulty comes in determining whether or not a group of farms are operated as a unit. Sometimes there may be two or more pieces of land not adjoining but within the same general area which are operated and cultivated by a single set of implements jointly owned by the family. In a case like that we used to consider that land of that nature, two or three separate pieces of land, was operated as a unit and in accordance with the Act only one permit could be issued.

We got into difficulties last year or the year before when we established minimum quotas and permitted one car of barley over the quota under each permit book. Naturally in order to obtain a greater delivery of grain farmers who were previously considered to be operating farms as a unit applied to the elevator agent for separate permit books in order to give them a greater opportunity to deliver. We had to tighten up the policy. This past season there was a greater demand for separate permit books at the beginning of the year. We have now changed the policy somewhat. In the opinion of the board section 18, subsection (3), of the Act required clarification for administration purposes. The board therefore suggested that the permit department in interpreting the foregoing section of the Act, take into account the following circumstances.

(1) That if a person owns two or more farms which are operated by him or for his sole benefit, such farms should be considered as being operated as a unit and only one permit be granted.

(2) That if two or more persons have a joint interest in a farm or group of farms and such farm or farms are operated by them or for their benefit whereby they share the proceeds and expenses in proportion to their ownership or on a predetermined basis, such farms should be considered as being operated as a unit and only one permit be granted.

(3) That regardless of the common use of machinery or exchange of services, unless there is evidence of a common interest in the land and production thereof such as the intermingling and storing jointly of the grain indicating that the

parties share in and benefit, jointly from the operations, such land shall not be considered as being operated as a unit and separate permits should be granted accordingly.

Mr. JOHNSON (*Kindersley*): Do you know how many permit books were issued to the Matador co-operative farm? Under the regulations it should be only one?

Mr. RIDDEL: As far as I know, there was only one.

Mr. JOHNSON (*Kindersley*): Although there were seventeen men involved?

Mr. RIDDEL: Yes.

Mr. JOHNSON (*Kindersley*): There is still only one permit book issued?

Mr. RIDDEL: Yes; it was clearly operated as a unit.

Mr. JOHNSON (*Kindersley*): If it was an individual firm, such as a partnership, they would only get one permit.

Mr. RIDDEL: Yes, they would share in the production and the proceeds from the grain.

Mr. ARGUE: Suppose they owned their implements in common, but stored their grain separately?

Mr. RIDDEL: And there were separate pieces of land, they could obtain separate permits.

Mr. ARGUE: Your modification has been a good one, in looking at the person to ascertain whether he is entitled to a permit book or not. It is better to look at the individual person as being a person rather than at the land, because if you look at the land you may have a case, as you often do, of a young married man, thirty years of age, working with his father, and owning their implements jointly, which is the most economical way of farming; but they are really separate farmers, with separate farm families, in spite of the fact that they do own their implements jointly.

Mr. RIDDEL: We decided on this policy some time last fall. In a great many cases they had taken out two books at the beginning of the season, but under the old policy we had to cancel them and issue one book. We reversed our decision and gave them two permits.

Mr. JOHNSON (*Kindersley*): Is there a responsibility on the elevator agent who issues the permit book to determine the status of the farmer?

Mr. RIDDEL: No. The decision rests with the Board.

Mr. JOHNSON (*Kindersley*): The original application is made through the elevator agent?

Mr. RIDDEL: Yes.

Mr. JOHNSON (*Kindersley*): Is not the task of enforcing these regulations so formidable as to make it inoperative because you only need to have two farmers with different names; and if they wanted to state that they were farming independently on their own, you would have a very difficult time to determine it, although everyone in the community would know that the facts existed.

Mr. RIDDEL: Usually some producer is not too shy to write in and tell us.

The WITNESS: A lot of our difficulties in regard to this come about through the fact that we have established minimum quotas which I think is a good thing; but that has brought in a lot of these requests which we would not otherwise get.

Mr. JOHNSON (*Kindersley*): As they swing over to specific acreage, it makes no difference at all.

The WITNESS: That is right.

By Mr. Argue:

Q. If you came to the conclusion that any adult person whose business was that of farming was entitled to a permit book, I do not see how you would get into too much trouble. But when you start to define a lot of units, implement units and so on, or say that when a person becomes eighteen or twenty and is earning his living by farming, that he is then entitled to a permit book, I do not see how you can get into too much difficulty.

Mr. JOHNSON (*Kindersley*): I suggest that we should be rather cautious in checking over the instances very closely, because in the Saskatchewan pool a lot of sons and fathers are working in partnership. It seems to give the son a lot of satisfaction to know that he has his own permit book and will have a share of the profits. Therefore, I suggest to the Board that they give consideration to this father and son relationship.

The WITNESS: We were not too happy about some of our earlier decisions which were made in good faith; and as a result I think we reviewed the whole business from start to finish. It took a lot of time, but we thought in fairness that we should do it, and there were a lot of corrections made.

Mr. JOHNSON (*Kindersley*): In connection with the supplementary quotas on oats and barley last year, if I am correct, they referred to the permit book of the present year. You got a supplementary quota for oats, if oats acreage was shown in your permit book. But in some instances farmers who had previously grown a lot of barley had not grown any in the present crop year, then because no barley was shown in their permit book, they had quite a lot of difficulty in marketing it.

Mr. RIDDEL: The first supplementary quota permitted delivered of one thousand bushels of oats or one thousand bushels of barley. It was not tied to acreage at all.

Mr. JOHNSON (*Kindersley*): Did you not have to have oats or barley shown in your current quota book?

Mr. RIDDEL: No; it was not tied to acreage at all; there could be oats or barley shown that were carried forward from previous years.

Mr. JOHNSON (*Kindersley*): What about the supplementary quota?

Mr. RIDDEL: When we started out the supplementary quota was three bushels per seeded acre. Later we changed it to three bushels per seeded acre, with a minimum of three hundred bushels which ever was the greater, and at time we provided also that regardless of the fact of whether or not producers had acreage seeded to barley in that year, they could obtain the quota of three hundred bushels.

By Mr. Castleden:

Q. Have you got the number of permits in each of the crop years, 1951, 1952, 1953 and 1954?—A. We have it, and we can give it to you in a few minutes.

Q. Sometimes there were charges made that some people were getting permit books when they should not have had them; and some were taken down and cancelled later on.

By Mr. Argue:

Q. In establishing an additional quota at the market point, is it your intention to wait until all the old quotas have come in, and also do you wait until there is substantial room for the new quota that is set?—A. I must ask Mr. Robertson who has been dealing with that problem to answer the question.

Mr. W. E. ROBERTSON (Commissioner, Canadian Wheat Board): That is essentially what we call it; but I shall elaborate a little bit: in the first place, there is a quota established for the point. We wait for sufficient shipments to take care of that quota. Assuming that cars are needed to make space for the amount of grain to come in under that quota, the grain has not yet come in, but we have got to provide the space. Then the next step is to provide for further shipments before you increase the quota. You provide for further shipments from one-quarter to one-half a bushel so that there is some space when the quota is raised to the next bushel—there is some space for the increase, but not enough space for all of it. Then shipments continue until you get the space up to take care of the next increase.

Mr. ARGUE: As a comment on that, I think it is a reasonably good policy because in a policy of raising the quotas immediately you think that the first quota is in, and that merely results in the farmers wasting a whole lot of time remaining in a long line, and it is not good for anybody involved. In deciding whether there is space or not at a given point, do you attempt to see whether there is some space in each elevator, or do you just add up the available elevator space in all the houses?

Mr. ROBERTSON: We take the total space of all the elevators and if there is enough space for the quota, then it is increased; but there may be no space in one elevator and there may be space in the other two or three elevators; so we do not wait for every elevator to have space.

Mr. ARGUE: Mr. Chairman, I realize that these people have far more experience in the matter than I have, but I would suggest that it might be a good idea to wait until there is at least a little space in each elevator. I brought a situation to Mr. McIvor's attention last summer and I want to report that it was looked after in a matter, you might say, of hours, or in a couple of days, and it made everybody happy. It was a case where there was space in one elevator for 20 thousand bushels, but the elevator agent was not around. He had some trouble, but the space was there, while there was nobody around. I realize these are very exceptional circumstances. They were immediately corrected. At the same time if you get one or two elevator companies with their houses nearly empty, and you have one or two of the others nearly full, there is a situation there where perhaps you should wait for a little time until the popular elevators have a little space.

Mr. ROBERTSON: It is one of the difficult problems we have to deal with, and we have had complaints from all the companies at different times, because we did raise the quota before they thought they had enough space to warrant it. We do meet with that problem with all the companies—with some more than with others.

Mr. ARGUE: Do you ask the elevator agents for any recommendation?

Mr. ROBERTSON: No, but we do get reports on space and stocks, and we know their capacity. We take the stocks, from the capacity, and that shows how much space there is, and in the total it is determined whether it will warrant an increase.

Mr. TUCKER: Farmers are very anxious to deliver their wheat as soon as possible. I suggest that the first interest of the wheat board should be to serve the best interest of the farmers so that they can market their grain, and not to consider the best interest of the elevator companies. I therefore do not agree with Mr. Argue in his stand. I think that as soon as there is space which warrants it, the quota should be put up regardless of whether it pleases the elevator companies or not, because this policy is for the purpose of helping the farmers and not the elevator companies.

Mr. ARGUE: My suggestion is that when you open it up you are forcing the farmers to fill elevator houses which they are obviously not anxious to fill.

Mr. TUCKER: They do not have to go to this elevator unless they want to do so. It would just give them an opportunity.

The CHAIRMAN: There is a conflict of interests.

Mr. QUELCH: Popular demand would practically force the wheat board to raise the quota just as soon as there was room at some of the elevators at that point to take the grain.

Mr. ROBERTSON: If there is space here, let us have the quota to make use of it.

Mr. QUELCH: Sometimes the quota is raised at a certain point before it is raised at other points. As soon as you get that situation you do everything in your power to get extra box-cars to the points where the quota has not been raised.

The WITNESS: That is right, we do.

The CHAIRMAN: Shall we carry on?

By Mr. Johnson (Kindersley):

Q. Last year about this time we had an indication of the amount of grain that the farmers could expect to market in the crop year. It proved to be of particular value since it lead the farmers to govern their operations accordingly. I think that the wheat board, since they have all the information on this, are in the best position to make a similar prediction now. Do you think that we will be able to market the wheat which the farmers might want to market?—A. I do not think so. We at one time thought it would be possible that they could market all the grain, or practically all of it; but we find ourselves in the position that there are a number of points in western Canada which had a big hold-over of grain from the year before, and a big crop last year. So I do not think it is going to be possible to service all those points by the end of July. I think that percentage-wise the figure will not be too formidable, but there will be a number of points where it will not be possible to take delivery of all the grain. For example, on the Canadian National Railways because of crop conditions, I do not think there will be the slightest bit of difficulty; but at some of the heavy points in the south on the Canadian Pacific Railway, I am afraid there is going to be some difficulty.

Q. Since you carried on a program of unification, I imagine you would be safe in predicting a seven bushel quota similar to last year.—A. Yes, I would hope we might do better than that.

By Mr. Charlton:

Q. Your answer to Mr. Argue's last question was a little misleading to me as well as to some of the other members, when you said that when one area did not have its quota raised, you would try to put boxcars into that area so that the quota could be raised as soon as possible, meaning that in one area the quota had been raised, and in another area it was not raised, and you would try to get boxcars in there as soon as possible. Yet you said this morning that you had nothing to do with the distribution of boxcars.

A. That is right.

Q. Then how do you suggest that these cars would be sent to the places where the quotas have not been raised?—A. This is the reason; we may give to an elevator company an overall order of let us say one hundred thousand bushels. That elevator company may order from the railway company ten boxcars at two adjoining points, or perhaps six or seven points. For some reason or other there may be cars already at those points; and the cars are loaded at the first point. Those cars are loaded and it is possible to raise the quota.

Then the elevator company might say to us, or the local committee at the point: "We have got the cars ordered at this point, but we have not got the cars yet." So, as I said earlier this morning, we would perhaps communicate with Mr. Milner to see if he could get the railway to put the cars into that point, the point having been selected by the elevator company.

Q. The cars having already been ordered?

The CHAIRMAN: Shall we carry it?

Carried.

Item No. 7 "Handling Agreement", on page 4.

The WITNESS: This deals with the usual handling agreement with the elevator companies which we enter into each year. The handling margins remained at $4\frac{1}{2}$ cents per bushel on wheat and barley and $3\frac{1}{2}$ cents per bushel on oats, while the storage rate continued at $1/35$ th of a cent per bushel per day. Diversion charges on grain shipped or diverted to interior mills, maltsters, or other processors, as negotiated between the handling companies and the processors concerned, remained unchanged from the previous year. Diversion charges on grain shipped or diverted to interior government terminal elevators or to the ports of Churchill and Prince Rupert also were unchanged.

Mr. POMMER: You said that the handling margins remained at $4\frac{1}{2}$ cents per bushel?

The WITNESS: Yes, on wheat.

By Mr. Charlton:

Q. Is there any yearly rate for the storage of grain in these elevators, or is it based on one particular rate regardless of the time the grain is there?—A. It is a per diem rate which consists of storage charges, interest, insurance, and is all inclusive. It is on a per diem basis.

Q. Actually, there is good money in storing grain when there is a huge crop?—A. Yes. They do pretty well under present conditions.

By Mr. Argue:

Q. Can you give the committee some idea as to the amount of storage per bushel that has been paid, let us say, in this crop year, from the time a bushel of wheat is delivered to the elevator until it is finally sold, and there is no more storage paid on it.—A. If you would be good enough to revert to the supplementary report, I think you will find that it deals with your question.

The CHAIRMAN: It is on page 3.

The WITNESS: Yes, page 3. The carrying charge includes the storage and the interest charge on the grain carried in the country elevator, and the storage charge on grain held at the terminal and mill positions was \$52,525,475.49.

By Mr. Argue:

Q. That was on approximately 400 million bushels of grain?—A. That is right.

Q. And that works out to how much?—A. To about $11\frac{1}{2}$ cents per bushel, I think.

Q. So the elevator companies are now getting $2\frac{1}{2}$ times as much per bushel income from the storage as they do from the handling?—A. Yes. With regard to the handling agreement, we meet with the elevator companies every year and we try to make the best deal that we can to get the crop handled. The elevator companies that we meet with are the so-called private companies, and in addition

we meet with the cooperatives, the grain growers, and the pools, which are owned entirely by the producers. They say to us "This is the very best deal that we can make for the handling of our grain." Then we try to get the basis down, while they try to get it up; and we finally, after probably several days of meetings, arrive at an agreement. Actually the present handling agreement this year is practically the same as on the previous crop year.

By Mr. Bryce:

Q. How much does the wheat board pay in diversion charges, and how much diversion charges do they pay in connection with the Churchill Port?—A. The total amount of diversion charges that we paid for the handling of this crop—that is, the 1953-54 crop—you will see that on page 3 of the supplementary report—was \$683,000 which included handling and stop-over and diversion charges; and in that figure you have to take into account the amount of wheat which we put into the interior terminals for storage, and which had to be stopped-off to be sent forward later to other markets. We put wheat into interior terminals in order to relieve the country elevators.

By Mr. Quelch:

Q. Actually the diversion charge is a payment that is made for a service that has not been rendered. Is it fair to say that?—A. There are two classes of diversion charges. The big bulk of diversion charges are paid by the mills for the wheat that goes into the mills; they pay a diversion charge in order to get this wheat. That is not a tax on the farmer; but with regard to Prince Rupert, and Churchill, we have to pay a diversion charge of $1\frac{1}{2}$ cents per bushel. I think at one time we paid 2 cents and eventually after argument we had it reduced to $1\frac{1}{2}$ cents a bushel.

Q. Because the grain is diverted there?—A. Instead of going to their own terminal where they claim they would have received an earning. We put this up to the producer organizations in particular on at least three occasions to my knowledge. We said to them, here you are representing the producers and there is a strong demand these diversion charges should be eliminated. We would like you to eliminate them. They refused in each case with the argument that if the grain had gone through their terminal elevators they would have made an earning on it due to the fact that their system was all inclusive. In the normal course of events the grain would go through the country elevators into the terminals and this was their argument on the amount they would have earned had it gone through their own terminals.

Q. Is that going to be paid for in perpetuity? I cannot see any reason for it myself.

The CHAIRMAN: The argument given last year by the three pools was mainly along the line that if the diversion charges were done away with, then in negotiating the annual rate with the board, they would have to raise their fees to make up for the loss on the diversion charges.

By Mr. Charlton:

Q. May I come back for a moment to this storage rate. I do not know whether Mr. McIvor will want to answer this, but having in mind the terrific amount of money that has been paid out over the last two years at least for storage I wonder if there would not be justification for dealing a little more conservatively with the payment of storage rates to farmers who had good storage on their farms and could store the grain suitably. They are paying for this storage anyway.—A. Yes. This farm storage question has been discussed for a number of years and I can understand the view of the producer who has grain on his farm when he sees storage being paid to elevator companies, but against

that this is not "pie in the sky". It has to come out of the producer's pool and there is a great deal of the grain that is carried on the farm anyway and we would have to pay storage to all the producers. I feel, had we had in addition to the storage bill, a bill for storage on the farm this year I think even the payment we made would have been very substantially reduced.

By Mr. Mang:

Q. Mr. Chairman, if you pay storage on the farm would it not be to the benefit of the big operator over the small operator. He could hold 7, 8, or 10,000 bushels there and draw storage on it making pretty good money?—A. That has always been my view. I have always expressed that view at pool and farm meetings because I certainly feel that this would reflect on the small producer and benefit the large producer.

Q. Yes.

Mr. QUELCH: It would penalize even more the producer in the low yield area because he would never have a very large yield to deliver so his quota would be used up and he would have to pay for the storage of farmers with the high yield. But do you not think it would be a great help—I know this is probably a question of policy. But, do you not think it would be a great help if it would be possible for the Wheat Board to make advances against grain on the farm; I do not mean paying storage. But in the same way they do it in the United States. It would relieve the Wheat Board of pressure on account of delivery. The farmer, whether he could deliver the grain or not, would be paid and would be holding it free of storage for the Wheat Board until they could take delivery of it.

Rt. Hon. Mr. Howe: Is not the fact that the farmer has wheat on his farm debt free a good thing?

Mr. QUELCH: I think if you told them tomorrow you would give an advance up to 75 per cent of the value of that grain, they would be very happy.

Mr. JOHNSON (*Kindersley*): The wheat is not debt free.

Mr. BRYCE: The man with 20,000 bushels of wheat on the farm would draw on storage and would not sell it.

The WITNESS: As far as the Wheat Board is concerned, this would not prevent the filling of the elevators. This is something over and above that. I know one man, for example, without mentioning names who for obvious reasons is not a very free deliverer of wheat. He has been carrying, for 6 or 7 years, wheat on his farm because he wished to keep it.

An Hon. MEMBER: Until the income tax comes down.

The WITNESS: I was not going to mention that. He would be a recipient of the farm storage.

By Mr. Argue:

Q. He would not need to be if the farm storage were paid at the time the grain was delivered on the basis of 1/33 cents a day. He would not get farm storage on anything he carried over into another crop year. That kind of a policy could be arrived at whether it would be or not. I want to say that the matter of the farm storage economically is not a very substantial issue because that is not the main thing as far as the farmer is concerned. You have made the statement that the big farmers would get the storage but the big farmer now today has storage paid on it and if one man is a larger producer and another a small producer, the large producer's wheat in the hands of the elevator has storage paid on it just the same as it would on the farm. I might have a neighbour who is a two section farmer and I would sooner see him get the storage than

some big elevator operator.—A. I wouldn't object to it if somebody was going to pay it, other than the producer, but this is not something extra. This has got to come out of the fund whatever it is.

The CHAIRMAN: The biggest objection in our province has always been that this would penalize us and do away with the natural advantage that we enjoy in Manitoba in early delivery. This would place us in the same position as the very remote spots in other places because we would deliver early and we would get paid for our storage later and the value would be very much higher. I have calculated it and it amounts to \$5 million of free gifts from the province of Manitoba to the others.

The WITNESS: I think Mr. Riddel has some breakdowns for you.

Mr. RIDDEL: Mr. Chairman, the item of carrying charges and terminal storage of \$52,500,000 is broken down into \$37,487,000 for carrying charges at country elevators and \$15,037,000 for storage charges at terminal elevators. The carrying charge of course includes storage of 1/35 of 1 cent per bushel per day plus interest allowance covering the initial payment paid to the producer by the elevator company.

Mr. ARGUE: What is the interest allowance?

Mr. RIDDEL: It has been, for most of the year, 4 per cent of the value of the average grade handled.

Mr. CHARLTON: It has been mentioned that some large producers did not want to market their grain. Under the quota system they had no special reason for not marketing it. Would it not release elevator space to the smaller man?

The WITNESS: I do not think they would market it anyway.

By Mr. Argue:

Q. Do you not think with the handling charges and storage charges as at present and the grain situation as it is, that there is a tendency for elevator companies—who would ordinarily in the course of events not get their average in deliveries—to build storage space and that is not desired by the producers on the basis of their own choice. I will not mention names, but I know of instances where the least popular elevator at a marketing point is building large additional storage and will make good money on it and the farmers will be forced once again to believe to that elevator although they do not want to. It seems to me it is just as well to pay a farmer the storage as an elevator company that is not a popular company.—A. You will remember with respect to these very large carrying charges that one of the chief beneficiaries are the producers' organization themselves as they store a tremendous amount of the grain for the board and pay out the benefits in the form of patronage dividends.

Mr. QUELCH: That is the very reason the farmers are so keen on being able to deliver to the elevator of their own choice.

By Mr. Argue:

Q. If that is so, nevertheless, the result has been that the producers' organizations' handlings come down. While they may have obtained a lot of money from storage they still have not obtained that proportion they would only be entitled to on the basis of what their customers in the past have delivered. Have you given any consideration to increasing the handling charge and decreasing the storage charge?—A. Yes we have. We have met opposition on that point not only from the line elevator companies but from the producer organizations.

Q. Would the producer organizations object to a modest increase in the handling charge and a comparative decrease in the storage charges?—A. So far

they have not shown any indication that they would be prepared to go along with that. There have been discussions about it in a general way. Mr. Riddel reminds me that one of the pools brought it up, but the other two pools out-talked them.

Mr. RIDDEL: They mentioned it, but no definite proposal was brought up and, speaking personally, I think the producer himself would resent a higher handling charge at the time of delivery which would mean he would be taking less money at the time of delivery.

Mr. ARGUE: If his organization recommended it, I doubt if he would object too strenuously. But it seems to me the matter of the 4½ cent handling charge is not in question, but in the matter of the storage charge in the elevator, the grain sits there month after month and each one receives the same amount of income from the storage. Is there a definite trend at the moment for elevator companies to build increased storage facilities?

Mr. RIDDEL: Yes. I think there has been everywhere and they have been improving facilities and in some cases wrecking old elevators and building new elevators, and building storage annexes in addition.

Mr. ARGUE: This is a question which the board has not given much thought to, but do you think it is economic from the producer's point of view that the elevator storage be increased and be increased when the farmer is going to have to maintain at least a very minimum amount of his own storage? The farmer has to pay for the extension to the storage capacity of the elevator.

Rt. Hon. Mr. HOWE: The farmer is paying for it as they build it. It is not a case of paying construction costs every year. I think with the present method of marketing, where a man harvests his crop in two weeks with a combine, that that has made it necessary to have more storage to take that initial rush of wheat. I think that the tendency is to clean up these surpluses and get back to a more normal operation, but I think the normal operation will still require storage to handle the crop.

The CHAIRMAN: The statistics last year do not bear out the statement that there is an increase in the total manufacture of storage. It is down from 1943-44 where it was 44 million and in 1952-53 the total capacity was 40,500,000. In Saskatchewan it is 159,000,000 for 1952 as compared to 162,000,000 in 1943.

Mr. JOHNSON (*Kindersley*): You are comparing a war period with a post-war period. During the war they were using tar paper shacks and anything. You know what those temporary annexes were like.

The CHAIRMAN: Some of them are still in existence. The only province where there has been a small increase is Alberta according to these figures.

Mr. QUELCH: I am pretty sure in Alberta the farmers would like the elevator operators to build as many elevators as possible.

The CHAIRMAN: Shall we carry item 7?

Carried.

Item No. 8 "1953-54 Post Account—Wheat". Perhaps we might as well refer to the supplementary report at the same time, page 2. This gives the further pool account for wheat. I would ask Mr. McIvor to come right up to Operating Costs on page 6.

The WITNESS: "Under the authority of The Canadian Wheat Board Act, 1935 as amended, the Board administered an annual pool in respect to wheat delivered to the Board between August 1, 1953 and July 31, 1954.

By Order in Council P.C. 1953-1045 July 2, 1953 (Canadian Wheat Board Regulations) the initial price for wheat delivered to the Board between August 1,

1953 and July 31, 1954 was established at \$1.40 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver. Initial prices for the principal grades other than No. 1 Northern were established by the Board and approved by Order in Council P.C. 1953-1254, August 5, 1953. Initial prices for other grades were established as required and approved by Orders in Council.

Under Order in Council P.C. 1953-1045, July 2, 1953 the Board was required to sell wheat intended to meet domestic requirements at the same price as it sold wheat to persons purchasing such wheat for registration under the revised International Wheat Agreement. This Order in Council was amended on September 24, 1953 to provide for the sale of Amber Durum Wheat intended to meet domestic requirements at a price which was ten cents in excess of the price at which Amber Durum Wheat was sold to persons purchasing such wheat for registration under the revised International Wheat Agreement."

The next table gives the board's receipts by month, but I will not read it. The following table gives the grade pattern of board receipts for the crop year and the percentages.

By Mr. Quelch:

Q. Mr. Chairman, I do not know if this is the place to obtain the information, but could Mr. McIvor explain just what is the policy regarding the sale of wheat to a farmer who wants to buy wheat from the wheat Board. I know that it has been brought up time and again, but it has never been clarified. We still have the difficulty of farmers in British Columbia wanting to buy directly from the farmers in Alberta. Could a truck from a British Columbia farm go to a farm in Alberta, take delivery of the wheat, take it to the local elevator, have it weighed over the scales, and then take it home? A. We have a case before the court now known as the Murphy case. I can explain the policy to you. I would not like to say anything that might prejudice the position. We are not directly involved in the case, but I might unthinkingly say something which I would prefer not to.

Q. I do have that particular case in mind but I suggest that a farmer can buy from the Wheat Board without having to go through a feed commission agent?—A. That is right.

Q. Without going through a broker?—A. The procedure is that—first of all perhaps I can comment on that part of the policy which cannot possibly be affected by this case if I may. Within the province the farmer can sell to another farmer, deliver by truck or ship by railway car within the province.

Q. It has to be sold over the scales of an elevator?—A. No. If he wants to ship wheat or other grain he can go to the board and purchase that wheat from the board and he can take his wheat in to the elevator and purchase his wheat. He gets an initial payment price. He purchases it at the market price on whatever date that is done. He is in exactly the same position as any other purchaser. The difference is paid into the pool and all the farmers benefit from that sale. At the same time he obtains a participation certificate which entitles him to participate in additional payments just the same as if he had sold his wheat to an elevator and it had been shipped to the lakehead.

By Mr. Palmer:

Q. Mr. Chairman, in connection with that statement I wonder if Mr. McIvor would like to explain the method by which the Selkirk wheat, say, sold in Manitoba to Saskatchewan people would be handled. Would it of necessity have to go through a seed house?—A. Well, that would be seed wheat which is outside of the board. It is not.

Q. But a farmer cannot ship that, you mean he has to take it through a wheat board or seed house to ship it to Saskatchewan?—A. No, if it is certified and registered seed it is not handled by the board, he can ship it any way he likes.

Q. How about commercial?—A. Commercially he would have to go through the procedure which I have outlined.

Q. There was quite a penalty on some of our boys in Manitoba who were complaining about that matter.

The CHAIRMAN: I think the complaint arose out of the grade or bulk of practically all the Selkirk wheat. It was sold for seeding and as far as the board was concerned although it was Selkirk it was wheat and they had to pay the difference between the day's price and the initial price and they did not understand.

The WITNESS: Unless it is registered and certified seed it is just wheat, whether Selkirk or Redman or any other variety. The real complaints, if I may say so, Dr. Palmer, are from people that would like very much instead of shipping their wheat to Saskatchewan to ship it to North Dakota, and sell it for \$10 or \$12 a bushel. I think that is where the complaints originated.

The CHAIRMAN: I think I got some complaints that they got a bill and they were docked in one case \$600. That man was very much disturbed that he should be docked \$600. That was only the difference in price between the day's price and the initial price and he was getting a participation certificate in return and if the pattern to be followed was the same as previous years he should get his money back about the end of the year.

The WITNESS: Many of those people who objected to paying the difference, which has not happened this year—but many people who objected to paying the difference when they added up their subsequent payments were not out anything.

Mr. Davidson reminds me they can still deal farmer to farmer if they want or farm to farm.

The CHAIRMAN: That was my question, could a farmer in Manitoba deal with a farmer in Saskatchewan?

Mr. BRYCE: I could go to my neighbour and buy 50 bushels of wheat and bring it home and use it?

The WITNESS: Oh, yes.

By Mr. Charlton:

Q. That is for feed?—A. If he wants to go to his neighbour and buy grain of any kind and bring it away to his own farm from his neighbour's farm he can do anything he likes. It is only if he wants to deliver to a commercial position like an elevator of the Wheat Board.

Q. Then why can't I take a truck and go to a Manitoba farmer and take it away?—A. Because you are crossing a provincial boundary. Mr. Bryce was talking about his neighbour.

Q. Well, you said he could go to Saskatchewan or Manitoba?—A. I said Selkirk wheat can go to Saskatchewan, yes.

Q. That is just seed?—A. Yes.

By Mr. Palmer:

Q. You would put Selkirk in the same category?—A. For the farmer, yes, but crossing interprovincial boundaries—

Q. As long as it is used for seed?—A. Yes.

By the Chairman:

Q. Is it possible for a farmer to take in Selkirk wheat to another farmer in Saskatchewan?—A. Within the province?

Q. No, from Manitoba to Saskatchewan over the boundary?—A. By truck?

Q. By truck.—A. I don't think we would know anything about it. If he has not delivered it to a commercial position we would know nothing about it.

By Mr. Charlton:

Q. Then how would you know it was brought to Ontario?—A. We would know. I thought you were talking about grain being delivered to a commercial position.

Q. No, suppose I was a farmer and wanted a thousand bushels of seed oats or wheat, if I took a truck to Winnipeg and arranged to buy that wheat from a farmer could I truck that wheat home to Ontario?

Mr. RIDDEL: You could not transport wheat, oats or barley over a provincial boundary without a permit from the board and the board will not grant a permit for direct shipments of wheat, oats or barley from Manitoba to Ontario unless the grain was first delivered to the board and repurchased from the board. Mr. McIvor was referring to Selkirk wheat in connection with the free movement.

The CHAIRMAN: In other words there was a special provision made for Selkirk?

Now, the next question to clear up is this point. Would you issue a permit, for instance, to Mr. Charlton without him going through a seed house to take a load of oats from Manitoba?

Mr. RIDDEL: Providing the producer delivered the grain to the board, and paid the difference between the initial payment and the board's daily selling price.

Mr. QUELCH: He would have to take it through an elevator company?

Mr. RIDDEL: Yes.

Mr. CHARLTON: I would have to take it to an elevator?

Mr. RIDDEL: You could buy it direct from the producer but it would have to be handled through an agent of the board.

Mr. CHARLTON: And pay the handling charges?

Mr. RIDDEL: No, merely pay the difference between the board's carlot initial payment and the board's carlot initial selling price, which does not include handling charges. There might be a small charge made by the elevator company for weighing the grain.

Mr. JOHNSON (*Kindersley*): Would you not sell it at the market price for that commodity which would be lower than that?

Mr. RIDDEL: It would merely be the difference between the board's carlot initial price, which is the price in store Fort William and the board's price in store Fort William.

Mr. QUELCH: In that case he would just get the initial payment and then receive an initial payment as time went on?

Mr. RIDDEL: He would receive a future payment based on his participation certificate.

Mr. QUELCH: He would receive a future payment based on his participation.

The WITNESS: You see, all this grain has to be pooled and that is the system of marketing that we follow.

The CHAIRMAN: I guess we might as well adjourn now. It is 5.00 o'clock. Tomorrow being Wednesday, I had not reserved a room. I do not know if all parties are free, but I will try to figure out a way to hold a meeting.

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Second Session—Twenty-second Parliament
1955

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STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

Respecting

The Report of the Canadian Wheat Board for the Crop Year 1953-54

WEDNESDAY, MAY 25, 1955

THURSDAY, MAY 26, 1955

WITNESSES:

Mr. George H. McIvor, Chief Commissioner, Mr. W. Riddell and Mr. W. E. Robertson, Commissioners, Mr. C. B. Davidson, Secretary, and Mr. C. E. G. Earl, Comptroller, all of The Canadian Wheat Board.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.

and

Messrs.

Anderson	Gour (<i>Russell</i>)	Murphy (<i>Westmorland</i>)
Argue	Harkness	Perron
Batten	Harrison	Pommer
Boucher (<i>Châteauguay- Huntingdon- Laprairie</i>)	Huffman	Poulin
Breton	Johnson (<i>Kindersley</i>)	Proudfoot
Bruneau	Jones	Purdy
Bryce	Kickham	Quelch
Cardiff	Kirk (<i>Antigonish- Guysborough</i>)	Roberge
Castleden	Leboe	Robinson (<i>Bruce</i>)
Charlton	Legare	Schneider
Clark	Lusby	Stanton
Decore	MacKenzie	Stick
Demers	MacLean	Studer
Deslières	Mang	Tucker
Diefenbaker	Massé	Villeneuve
Dinsdale	Matheson	Weselak
Fontaine	McBain	White (<i>Middlesex East</i>)
Forgie	McCubbin	White (<i>Waterloo South</i>)
Gingras	Michaud	Wylie
	Montgomery	Yuill—60.

E. W. Innes,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

WEDNESDAY, May 25, 1955.

(6)

The Standing Committee on Agriculture and Colonization met at 3.30 o'clock p.m. this day. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Bryce, Castleden, Charlton, Dinsdale, Forgie, Gingras, Gour (*Russell*), Harrison, Huffman, Johnson (*Kindersley*), Jutras, Mang, Masse, McBain, Montgomery, Pommer, Purdy, Quelch, Robinson (*Bruce*), Schneider, Stanton, Tucker, Villeneuve, Wylie, Yuill.

In attendance:

From the Canadian Wheat Board: Mr. George McIvor, Chief Commissioner; Mr. W. Riddel and Mr. W. E. Robertson, Commissioners; Mr. C. B. Davidson, Secretary; and Mr. C. E. G. Earl, Comptroller.

From the Office of Transport Controller: Mr. R. W. Milner, Controller.

The Committee resumed consideration of the Annual Report of The Canadian Wheat Board for the crop year 1953-54, the officials of the Board answering questions thereon.

PART I:—

The Section relating to 1953-54 *Pool Account—Wheat* was further considered.

At 5.00 o'clock p.m. the Committee adjourned until 11.00 o'clock a.m. Thursday, May 26.

THURSDAY, May 26, 1955.

(7)

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m. this day. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Argue, Bruneau, Bryce, Charlton, Dinsdale, Forgie, Huffman, Johnson (*Kindersley*), Jones, Jutras, Kirk (*Antigonish-Guysborough*), Leboe, Mang, Pommer, Purdy, Quelch, Schneider, Stanton, Stick, Studer, Tucker, White (*Middlesex East*), White (*Waterloo South*), Wylie and Yuill.

In attendance: From The Canadian Wheat Board: Mr. George McIvor, Chief Commissioner; Mr. W. Riddel, Commisisoner; Mr. W. E. Robertson, Commissioner; Mr. C. B. Davidson, Secretary; Mr. C. E. G. Earl, Comptroller.

The Committee continued consideration of the Section relating to 1953-54 *Pool Account—Wheat*, Part I of the Annual Report of The Canadian Wheat Board.

At 12.20 o'clock p.m., the Committee adjourned until 4.00 o'clock p.m. this day.

AFTERNOON SITTING

(8)

The Committee resumed at 4.00 o'clock p.m., the Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Castleden, Charlton, Dinsdale, Gour (*Russell*), Huffman, Johnson (*Kindersley*), Jones, Jutras, Mang, Murphy (*Westmorland*), Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Schneider, Stanton, Studer, Tucker, Villeneuve, White (*Waterloo South*), Wylie, and Yuill.

In attendance: Same as at morning meeting.

The Committee further considered the Annual Report of The Canadian Wheat Board for the crop year 1953-54.

PART II—*Financial Statements*, together with Exhibits I to VII inclusive, relating thereto, were considered and adopted.

PART III—Auditor's Report was approved.

PART I—Sections relating to 1953-54 *Pool Account—Wheat, 1953-54 Pool Account—Oats, 1953-54 Pool Account—Barley, Payment Division, Legal Department, Staff and Officers, Advisory Committee* were adopted.

On behalf of the Committee, Mr. Argue and Mr. Pommer expressed appreciation of The Canadian Wheat Board's work in the marketing of Canadian Grain, and for the information supplied to the Committee by the Board's officials.

At 5.45 p.m., the Committee adjourned until 10.30 o'clock a.m., Monday, May 30.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

MAY 25, 1955 .

3.30 p.m.

The CHAIRMAN: Order. You have noticed, gentlemen, that we have shifted the room around to try to get a more satisfactory arrangement. I don't know how this will work out. Possibly some of you could move on this other side. You would be closer to the table and closer to the witness. As a matter of fact these are the choice seats and they are not being used.

Mr. WYLIE: Mr. Chairman, before the proceedings start, I thought of this the other day and I think we are all going to be much happier by having the witness and yourself a little bit higher than the rest of us so that we can hear better. I meant to rise as soon as the proceedings opened to congratulate you, Mr. Chairman, on the change that you have made and I am sure it is going to work out to the benefit of all of us.

The CHAIRMAN: Thank you, I hope it does and I would appreciate, after you have given it a try, if you would give me your comments on it whether it is any improvement over the other set-up or if you have any other suggestions to make with regard to the arrangements. At any rate, we will try it out and see how it works.

Mr. George McIvor, Chief Commissioner, Canadian Wheat Board, recalled:

The CHAIRMAN: Now, we were on page 5. I think we had reached the bottom of page 5, "Total Wheat Stocks—1953-54 Pool," and you might turn to the supplementary report on page 2 which gives the "Pool Account—Wheat—1953-54" up to date.

The WITNESS: I would suggest, Mr. Chairman, that the committee confine their attention to the supplementary report, page 2, which merely brings the figures up from July 31 to April 29. After all, the figures in the first report are outdated and I wonder if there are any questions that anyone has to ask regarding the statement of the pool account.

By Mr. Johnson (Kindersley):

Q. Mr. Chairman, in relation to the pool account, I was wondering what factor or factors necessitated the extension of the pool account to a 21-month period?—A. The real factor was that we felt that the amount of wheat on hand which had not been disposed of was substantially larger than should be taken over from one pool to another. If you closed off earlier you just closed off with substantially more wheat on hand. Did you have in mind the payment factor?

Q. The payment factor primarily. It simply means that if you add an extra three months on next year you will have a two-year period and we will have lost a full year in the selling policy of the board, and tied in with that although your sales may increase your storage charges increased significantly. I notice the storage charges have gone up from 7.847 cents to 16.409 cents. Storage for six months comes out to about 5 cents, which would give you 12.847 cents, which is still about 4 cents short of the 16.

Now, following that line through on the same basis, if it is continued another three months next year your storage will be awfully near 20 cents a bushel. I think that way it looks to me like we are delaying the fateful day when no interim or final payment is going to be made at all.—A. Well, the storage charges have to be paid by one account or the other and in the take-over we always make certain calculations for carrying the take-over from the period of the take-over to the period of the time at which we think it can be disposed of.

By Mr. Quelch:

Q. Mr. McIvor, you probably remember that Mr. Henry Young, I think it was, said that the Alberta Wheat Pool was able to borrow money at a lower rate than the Wheat Board. Can you explain to the committee just how you finance? Is it through one chartered bank or a number of chartered banks?—A. We finance through practically all the chartered banks in Canada. Up until recently we paid a rate of 4 per cent on grain that was being carried in country positions and $3\frac{1}{4}$ per cent on grain which was being carried in terminal positions against which we had storage receipts. We have had that rate reduced by $\frac{1}{4}$ of 1 per cent in both instances.

Q. Are you aware whether or not the Alberta Wheat Pool is able to finance at a lower rate than you do?—A. I have heard that they were able to borrow some round lot of money at a certain rate. Whether it was lower than what we were paying or not I don't know.

By Mr. Johnson (Kindersley):

Q. Mr. Chairman, going back to that point that I had I notice that from the 30th of January you have exported 53·6 million bushels of wheat. I know the board is very reluctant to give us any information on the sale so I will have to assume there is some correlation between exports and sales but for the same period the deliveries from the farm have been in that same period 40 million bushels of wheat so we have only had the advantage by delaying the pool that extra period of time of 13 million bushels and at the same time the storage charges on the grain that has been taken over by the pool has been accruing. I am quite concerned about the delays. I don't see any point in delaying.—A. I am going to ask Mr. Riddel if he will come to the table and deal with this particular aspect of the board's operation.

Mr. W. RIDDEL (*Commissioner, Canadian Wheat Board*): Mr. Chairman, your point, Mr. Johnson, is that the carrying charges continue to accrue until that wheat is disposed of and that the carrying charges up to the date on which the 1953-54 pool was finalized amounted to so much and further charges would accrue from that date on the take-over or transfer to the new pool.

An allowance is made in the transfer price for the estimated carrying charges on the grain which is transferred for the period that we consider it will be carried until finally disposed of. I think the allowance was $4\frac{1}{2}$ cents per bushel on the amount transferred. On the net transfer of 121 million bushels, $4\frac{1}{2}$ cents per bushel was allowed as a deduction from the transfer price to cover estimated carrying charges during the period from the date of the take-over to date of disposal.

Mr. JOHNSON (*Kindersley*): I am probably a bit ahead of myself. When you get to this pool account the whole thing seems to be pretty well tied in and some of my questions are related to a subject-matter which is showing up later on in the supplementary report. I don't know, Mr. Chairman, whether you want me to defer that line of questioning until we come to that section or whether we can get it over with now.

The CHAIRMAN: What section do you have in mind?

Mr. JOHNSON (*Kindersley*): Section 8 in the supplementary. Some of that is general comment on carrying charges which are related to the whole pool account. Whether you would desire me to continue now with that or to delay that I don't know.

The CHAIRMAN: I think you had better do it now.

Mr. JOHNSON (*Kindersley*): Well, my point is: don't you think it would be better to close out the pool as nearly as possible to the same period each year? As I recall we used to close out the pools quite shortly after the crop year had finished. It was finally delayed until it was near the first of January, then it was January 30 and now it is April 29, and we are just going to delay it another three months and you would have two crop years in one crop year. I don't know just what the purpose of delaying it is. If there is any bad news involved for the farmers I think they might as well get it now as later.

Mr. RIDDEL: It is not a question of trying to hide or defer bad news at all. It is a question of reducing the stocks to a point where you think that a price can be established on them which will be fair to the old pool, that is, the 1953-54 pool and be fair in relation to what you think you can sell the grain for in the new pool.

Mr. JOHNSON (*Kindersley*): But at the same time the carrying charges accrue for a longer period than you have a chance to sell that wheat. I believe the carrying charges accrue over twenty-one months and the pool has a selling policy over a period of fifteen months.

Mr. RIDDEL: Yes, the 1953 pool opened on the 1st of August, 1953, and any grain delivered from that date on was subject to carrying charges as part of the operational costs of the 1953 pool, the costs accruing until the grain was disposed of or was transferred to the new pool. In the month of August you might have receipts of only 5 or 6 or 10 million bushels and that is all that you would be paying carrying charges on during that period. You pay carrying charges from the time the grain is received in the country elevators until it is finally disposed of or transferred to the succeeding pool.

Mr. JOHNSON (*Kindersley*): Don't you think it would be a desirable business practice to have the two periods coincide—have your selling policy and buying policy coincide?

Mr. RIDDEL: It would be nice if we could do it, but I am afraid we might end up with unduly large transfers. For example, if we had made the transfer at the end of the pool period, July 31, 1954, we would have had to transfer—a total of 378 million bushels. Now, in the interim period from the 1st of August, 1954, to the 29th of April, 1955, that amount was reduced to 121 million.

Mr. JOHNSON (*Kindersley*): Of course you are going back over beyond the pool period before. Last year the pool closed as at January 31. What would it have been at that time supposing you had closed it out on January 30 the same as last year?

Mr. RIDDEL: I have not the figures handy for that. I can get them for you.

Mr. JOHNSON (*Kindersley*): I am just concerned about the ultimate result of it, but I can see now that once the policy has been established of delaying the pool periods it is awfully hard to go back.

Mr. RIDDEL: Well, that would depend, of course, on the amount of grain in the pool.

Mr. MANG: Mr. Chairman, is it true to say that this policy of transferring that has been alluded to and your shift in dates in the interim and final payments is due to abnormal production and marketing conditions?

Mr. RIDDEL: That is right.

Mr. MANG: And then supplementary to that when these conditions correct themselves out, no one in this room knows when, you will be quite happy to go back to the previous policy of simply marketing the grain and accepting it in the best interests of the producer?

Mr. RIDDEL: Yes. It is still the policy of the board to arrange for the interim and final payments to be made to the producers just as soon as can safely be done.

Mr. JOHNSON (*Kindersley*): We had a very poor crop last year so that should not cause the delay.

Mr. ARGUE: Mr. Chairman, I think the board will realize how highly unsatisfactory from the producer's point of view is the uncertainty of when his interim or final payments will be made. There is nothing more difficult than for a farmer to be facing his seeding operations and to be right in the middle of them before he knows the final payment. I would like to know to what extent this is board policy and to what extent it is government policy. The Wheat Board is able to borrow money to finance the crop even at the interest rates which seem relatively high—up to 4 per cent. The farmer has to pay far more than that. How can the board lose any money if it had transferred the wheat at the end of July when there was a huge crop on hand at the market price at that date and financed that transaction by borrowing at 4 per cent interest which is cheaper than the farmer can borrow it; what possible harm could have occurred from such a practice?

Mr. RIDDEL: Of course, we would have been taking a chance as to whether we were being fair to the old pool or the new pool. It would depend on the basis of the transfer. We would have had to make a transfer into the new pool before closing out the old pool and I do not know whether we could have guessed closely enough on that quantity of grain as to how long it would take to dispose of it and what price would be obtained during the period of disposal. I do not know. No one knew at the 1st of August what the 1954 crop, for example, was going to be. It looked at that time like another bumper crop. You might have a condition arising during harvest which could almost wipe out your crop and cause prices to go up considerably. On the other hand, you might have favourable conditions which would give you a bumper crop, or other conditions which affect the market and lower prices.

Mr. QUELCH: If the same farmers were continuing to farm year in and year out you could do that but when you have new farmers coming in and going out you have to be careful when you close the year out.

Mr. RIDDEL: Yes.

Mr. ARGUE: My point is that agriculture as a whole would receive better treatment if the pool account were closed out earlier. I am advancing the argument that actually 90 per cent of the farmers today are financed on borrowed money; they have money coming to them but still are paying 6 or 7 per cent interest and have to wait month after month in a state of uncertainty as to when the final payment can be made.

Mr. CHARLTON: Is it not true were you to close the account on July 31 as is ordinarily done the 1954 pool would have carrying charges loaded on its back, by the huge carry over of 1953 wheat.

Mr. RIDDEL: No. If you made the transfer as of July 31, 1954, you would have made it at the price it would realize over the period less an allowance for the carrying charges, so that in effect the 1953 pool would have been standing the cost of the carrying charges up until the final disposition.

Mr. CHARLTON: You are putting carrying charges over to the 29th of April?

Mr. RIDDEL: You are putting the estimated carrying charges on the amount of your transfer as at April 29 back on to the 1953-54 pool where they belong but making an allowance from your transfer price of the estimated carrying charge of $4\frac{1}{2}$ cents per bushel.

Mr. TUCKER: If you had transferred this wheat last fall and then had charged that price up to the pool for 1954-55 and then had a big crop in 1954 and the price of wheat had fallen it would mean you would be paying money for the 1953 crop out of money which should go to pay for the crop and as happened last year—1954—there was a good crop in the one place, the southwestern part of the province compared to the rest of the province and that would have meant you were taking money out of their pockets in order to pay more money to the people who delivered the 1953 crop. It is a matter of trying to treat fairly the people who delivered at various periods. The last people in the world we should discriminate against are the people in the southwestern part of the province who usually have a poor crop but last year had a better crop.

Mr. ARGUE: How much different was the prevailing price when the wheat account was closed out on April 29 as compared to the prevailing price had the wheat account been closed out last July 31?

Mr. RIDDEL: The monthly average asking prices for July 1954 for No. 1 Northern basis in store Fort William was $\$1.70\frac{3}{4}$; in August the average was $\$1.69\frac{7}{8}$; in September $\$1.69\frac{3}{4}$; in October $\$1.69\frac{7}{8}$; in November $\$1.69\frac{7}{8}$; in December $\$1.70\frac{5}{8}$; January 1955, $\$1.72$; February $\$1.73\frac{5}{8}$; March $\$1.75\frac{3}{4}$; April $\$1.76$; and the price at April 29 was $\$1.76$.

Mr. ARGUE: So that the difference in those prices you have quoted was $5\frac{1}{4}$ cents between July of 1954?

Mr. RIDDEL: $6\frac{1}{8}$. Pardon me, from—July. $5\frac{1}{4}$ cents.

Mr. ARGUE: About 6 cents. But there is a further factor I think which should be taken into consideration and that is that the selling price in July at Vancouver was $\$1.76\frac{3}{4}$ whereas in April of this year that price was down to $\$1.74\frac{7}{8}$, so you would have to get some sort of a weighted average to make an accurate comparison and that more accurate comparison would bring the prices more closely together. What was the price charged for No. 1 Northern wheat when the inventory was transferred?

Mr. RIDDEL: The transfer price?

Mr. ARGUE: Yes.

Mr. RIDDEL: $\$1.76$ was the price for the unsold stocks of No. 1 Northern.

Mr. ARGUE: And do I take it you would base that on the Fort William price only?

Mr. RIDDEL: Fort William and Vancouver prices were the same on that date— $\$1.76$.

Mr. ARGUE: I see. To get a reasonably accurate average, what proportion of the wheat would you ordinarily in July 1953 and 1954 sell through Vancouver. In other words, when the Vancouver price is 6 cents above Fort William what does that do to the average selling price of wheat? Does it make it $\$1.72$, or something like that?

Mr. RIDDEL: Perhaps from $\frac{1}{4}$ to $\frac{1}{3}$ of the wheat sold would be sold basis Vancouver.

Mr. ARGUE: So that it might be a reasonable statement to make that there was a difference in price at that time of some 4 cents a bushel and you had a carry over of—I have forgotten the figure—at the end of July of what?

Mr. RIDDEL: 378 million.

Mr. ARGUE: As compared to an inventory transfer of how much?

Mr. RIDDEL: 121 million.

Mr. ARGUE: A difference of what?

Mr. RIDDEL: 250 million bushels at 4 cents.

Mr. ARGUE: If the ordinary volume of wheat you handle in an early period is something in the neighbourhood of 380 or 400 million bushels, the greatest possible difference that could have made was $2\frac{1}{2}$ cents a bushel. My proposition is that whatever the inequity may be—and there are going to be some inequities no matter when you close out the pool—that there is the advantage to the farmer of knowing within a few weeks what time he is going to get his final payment and that that is worth far more to 200,000 producer farmers than whether there is a few cents difference in the transfer from one area to another. You have to know when you can expect your income in order to be able to plan your operations. I realize that the Wheat Board probably does not have the final say in this, but I would be hopeful that the error—if there is any error—would be made on the side of closing the pool account out on an early date.

The WITNESS: I think we have tried to do that. I would like to put this before the committee however. We have the advantage today—and I am not criticizing it—of looking back to July 31 and seeing what has happened. But, under a set of circumstances such as I might put up here, purely as a hypothesis, but also as something which could happen, how would the producer feel if we took over the 378 million bushels of wheat as of July 31 in order to try to achieve a payment and in the interim between July 31 and April 29 the market went up or down 20 cents. That is not within the bounds of impossibility. What would his reaction be under those circumstances?

Mr. ARGUE: My own personal opinion is if you had established a date well in advance, in other words if the farmers knew that come July 31 next the transfer would be made, even with the alteration of 20 cents up or 20 cents down, there would be far less complaint than there is in the present system with the great uncertainty. As an argument to support that assertion I would refer back to the period between 1945 and 1949 when in fact we had a five-year pooling period when there were some substantial adjustments between the latter part of the period and the earlier part of the period. I for one do not believe I heard anybody complain about it.

Mr. TUCKER: I would suggest that had you made that transfer last fall and the price had dropped 20 cents there would have been a loss to the 1954-55 pool of \$50 million. That would have been a comparatively small pool and the people with good crops in 1954 would have felt they had just complaint against the government to compensate them for that loss of \$50 million. It seems quite obvious that the Wheat Board could not play fast and lose with the rights of one group of farmers against another group and gamble with those rights. Had they done that the people in southwestern Saskatchewan would have been able to come forward and say: you paid out \$50 million from the money we should have been able to claim from the people who delivered wheat in 1953 and we want you to make that good. I do suggest that the reason the farmers have such confidence in the Wheat Board is they figure that the Wheat Board is trying to play fair as between all the farmers and I do not think the farmers throughout Canada would endorse Mr. Argue's argument today.

Mr. ARGUE: I had to step outside a moment and I did not hear everything.

Mr. TUCKER: I say you are entirely out of line with the thinking of the people of western Canada for had the 1953-54 pool been closed out last fall and the price had dropped 20 cents it would have meant you would in effect have taken \$50 million out of the pockets of the people who delivered in 1954 and be paying it to the people who delivered it in 1953; and the few who had

good crops in 1954 would have felt they were being deprived of money; they would have had a just claim against the Wheat Board. I suggest the Wheat Board are being careful to guard against that sort of thing and that is why the farmers have confidence in the Wheat Board.

Mr. ARGUE: The difficulty is that the farmer is placed in a position under the present policy that he is the one to do the gambling. As to the comment that my statement was a criticism of the Wheat Board, I pointed out that the Wheat Board are not mainly responsible when the wheat pool is closed out but that it is a matter of government policy and I believe the government policy is wrong when it is a policy which leaves your final closing out date so uncertain it places the farmers in this position that with an average crop this year they do not know when they will be likely to receive the final payments. I get a great many letters asking me to inquire when the final payment will be made in the hope that it may be speeded up because the farmer wants his final payment as soon as he can get it. This statement is not a criticism of the Wheat Board but it is a criticism of the policy laid down as provided for in the Wheat Board Act.

Mr. JOHNSON (*Kindersley*): If the hypothetical statement of Mr. Tucker were true, we should wait each year until the wheat is marketed before we close out the pool. I do not know where he gets the \$50 million as the loss if the pool were closed out at an earlier date because there is certainly the increase in storage and handling of 8 cents a bushel.

Mr. TUCKER: I took the difference in bushelage which was roughly 250 million bushels and if the price had fallen by 20 cents a bushel that would amount to \$50 million; that is how it is figured. Actually I would say the final payment to the farmer is 4 cents more than they would otherwise have done had they transferred the unsold wheat last fall.

Mr. JOHNSON (*Kindersley*): What happens in the future when we keep prolonging these periods when we close out?

Mr. TUCKER: We believe in the Wheat Board but you at the same time criticize the moves they make and thereby you undermine the confidence in the Wheat Board if that is possible.

Mr. MANG: If there is an element of rigidity put into the operation of the Wheat Board as to when these payments are to be made would that help or hinder your powers or affect your judgment as to when these operations were to be brought to a successful conclusion?

Mr. JOHNSON (*Kindersley*): It would prevent—

Mr. MANG: I am asking the question.

The WITNESS: I think that the key to this situation, Mr. Chairman, is our ability to sell wheat. Now, under circumstances where we can reduce our stocks we are very very anxious to get this payment out as soon as we can. The longer we delay the payment the greater reflection there is on the board and it is in our interest to try to get this payment out as quickly as possible. But in fairness to the government I think I should say this: that we as a Board felt there was a very substantial risk in transferring too big a quantity of wheat from one pool to another for the reasons that if the quantity was very very large and the market advanced substantially, the new pool would benefit and the old pool would lose. If on the other hand the quantity again was large and it went over to the new pool and the market dropped substantially—the new pool would lose. These are always things which we as a board have to keep in mind; we do not know and are always trying to look ahead—then the new pool would undergo a very severe loss. In our general approach to this problem we as a board felt we should be as conservative as possible in the amount of grain we transfer.

Mr. ARGUE: I think that the remarks of the member for Rosthern are unfair and unjustified and cannot be substantiated in any way. The members of the group to which I belong have always been complete champions of the Wheat Board and even during the present session we have not only supported the operations of the Wheat Board but have advocated—and have done so in this committee—

Mr. TUCKER: You find fault with the results every time they come out.

Mr. ARGUE: I was very happy to find fault with the final payment—

Mr. TUCKER: Exactly.

The CHAIRMAN: We are on the item of "Wheat Pool—1953-54".

Mr. ARGUE: I was about to say that as recently as two or three days ago we in this group have advocated that the Wheat Board's authority should be expanded to include the marketing of flax and rye and that the grain exchange should not in any way be in the business of selling oats and barley.

The CHAIRMAN: We are on the wheat pool period of 1953-54, page 6.

Mr. ARGUE: I imagine that the farm organizations in representations made to the Wheat Board from time to time have suggestions to make as to those things which might be done to improve its operations. Just to point out who is in fact responsible for the authorization of the transfer accounts, I would like to quote section 29 of the Canadian Wheat Board Act, part IV, 1952 statutes:

The Governor in Council may authorize the board to adjust its accounts at any time by transferring to the then current pool period all wheat delivered during a preceding pool period and then remaining unsold, and the board shall credit to the accounts for that preceding pool period, and charge against the accounts for the current pool period, such amount as the Governor in Council deems to be a reasonable price for the wheat so transferred.

On the basis of who is in fact responsible for the late transfer having been made, I have advanced that criticism if you wish to call it that.

Mr. CHARLTON: Assuming that you had 370 million bushels on hand on July 31 and you had 120 million bushels on hand at April 29, and assuming that you sold an even quantity each month you would have storage charges on 250 million bushels for nine months or approximately \$11¼ million of storage charges. That would all have been paid by the 1954 pool if it had not been put back into the 1953 pool accounts.

Mr. RIDDEL: No. We continue to keep the accounts of the 1953 pool open until the date of final closing, which in this case was April 29.

Mr. CHARLTON: I think you misunderstand. Had you closed out on the ordinary date, July 31, then the storage charges of approximately \$11¼ million on the 1953 crop would have all been charged to the 1954 crop?

Mr. RIDDEL: Yes, but an allowance would be made on the transfer price of the 378 million bushels. In other words, if we felt we could have realized \$1.70 per bushel basis 1 Northern for the 378 million and figuring it would take say twelve months to dispose of that 378 million, we could have calculated the carrying charges over that period but in diminishing amounts from 378 down to the final disposal.

The CHAIRMAN: The 1953 pool would have been penalized?

Mr. RIDDEL: Yes, if that worked out to 6 cents per bushel then that would have made it, say, \$1.80 less 6 cents mentioned for carrying charges the same as we have done in the case of the 121 million transferred to the 1954 pool.

Mr. TUCKER: Is it fair to say that in view of the fact that 370 odd million bushels would have had to be taken over as the price last Fall was \$1.70 $\frac{3}{4}$ and as you could not have told how soon you could have got rid of that large amount of wheat you were taking over and with another crop then coming on there is a good chance that the amount you realized from the 1953-54 pool would have been in the neighbourhood of 5 cents a bushel less than it was?

Mr. RIDDEL: That is quite possible, Mr. Chairman.

Mr. TUCKER: At least around five cents. So that instead of getting a final payment of six point something a bushel we would have got something under two cents a bushel. I suggest the farmers would not have been satisfied with that as well as they are with the six point seven cents a bushel.

Mr. ARGUE: On that point may I ask this further question: if it is true that the current selling figure that would have been taken in the hypothetical suggestion that has been advanced had been used and that it had in fact resulted in a smaller final payment in this crop year and it could not have been much smaller than it was because it was only 4.7 cents for number 2 wheat, an average of a little over six cents—while it would on this basis have reduced this year's payment, it would have been added to next year's payments, it would not have been lost.

Mr. RIDDEL: It would not have been lost but it would not have been added in the equity proportion.

Mr. ARGUE: But the producers would have saved in total precisely the same total amount?

The CHAIRMAN: Not exactly the same figure because those who did not produce wheat in 1953 and produced wheat in 1954 or produced wheat in 1953 and did not produce in 1954 would not have got their money back.

Mr. ARGUE: I was not making myself clear. My point was that the wheat producers in the prairies in the designated areas would in total have received precisely the same amount of money—each individual farmer in each individual pool—there would have been some variation—but I am saying no money would have been lost by most in total.

The CHAIRMAN: Naturally, it is just a matter of distribution but the distribution would not have been equitable.

Mr. ARGUE: You say it would not have been equitable. I say it would have been some real help to the farmer to know in advance the time he will receive his final payment.

The CHAIRMAN: Don't make me say anything I didn't say. I will have to state my position. Speaking as a member of the committee I am very anxious to see the pool finalized as soon as possible, but on the other hand I also recognize that some leeway should be given to the board and we have got to rely on their best judgment which is the best possible period to try to make the distribution as equitably as possible because in our area I know for a fact there are many farmers who will produce wheat in one year and produce no wheat whatsoever in the following year so that consequently if the pool was in an abnormal situation such as last year and closed on July the 31st this large number of farmers would definitely be at a detriment and would not have got a fair share of the price when their wheat was sold off. It is a matter of trying to adjust it to get a middle course between the two extremes and I am afraid there is no alternative but to leave it to the good judgment of the board.

Mr. MANG: Would that not have been emphasized very strongly in the relationship between the farmers in the eastern part of Saskatchewan and the farmers in the western part of Saskatchewan? I mean there would have been an inequity there because we were flooded in the east and not in the west.

The CHAIRMAN: Any further questions on this?

By Mr. Castleden:

Q. Is it not true that the Governor General in Council instructs the board as to when they shall make their transfer?—A. That is true. The Act as read by Mr. Argue is quite clear in that regard but I did make the position of the board clear earlier I think.

Q. Is it also not quite true to say that no matter when the period is decided upon or by whom, it would be utterly impossible to make an absolute equity as between farmers in dealing with a situation where the production varies in one part as to the other?—A. As long as you have carrying charges, Mr. Castleden, there are bound to be inequities in any transfer. It does not matter whether it is 50 million, a hundred million or two hundred million, there are inequities. It is a matter of degree.

By Mr. Argue:

Q. Has the board given any thought to the inequality that may exist under the present arrangement in the case of a farmer, let us say, who begins farming in 1954, just for illustration purposes, and raises a crop of wheat and is marketing his wheat and we will also assume that in this coming period the price of wheat is on the way down. Even though he produces the wheat in a year in which the price of wheat was relatively high and even though it was marketed at a time when the price was relatively high and within a period in which the price was relatively high, nevertheless this long time lag from the time it goes into the elevator and the time it is sold means that he gets a price which prevails nine months after he has delivered it which is a lower price; in other words, he cannot get the current price even though he is selling his wheat on the current market. He is selling something away in the future. As Mr. Johnson points out, he will be farming in 1954 for sales in 1956.—A. This is a question which I think is a very serious question—I agree with the committee on that—but I think we have got to get down to fundamentals on this question and they are these: we have got to realize the reason why these payments are delayed and the reason that the payments are delayed is that we have not been able to sell the wheat as fast as we would like to sell it and we have tried to pursue what we think is a sound policy in regard to sales which we think is our first interest.

Now, what the results would be if the board embarked on a policy of trying to sell the wheat quick enough so that they could get payments out quickly to the farmers I don't know what the consequences of that would be and I don't think anyone else knows. I think it would be misleading. That is the fundamental problem that we have got before us this afternoon. That is at least the way I look at it. Some may not agree with me.

Q. Then I guess Mr. McIvor or the committee misunderstood my question. I was not attempting to advance the idea that the board should try to speed up its sales policy with all the risks that would be involved. I was merely pointing out what, as is apparent from the record is a fact, that a bushel of wheat produced in 1954 will require the farmer to wait a great many months because of many, many factors before that bushel of wheat is put in a salable position and within that lengthy period there is a risk of the price going down and if there should be any change in the market....—A. Or going up. It could go either way. I think I can say to the committee that it is the board's policy—we ourselves don't like these delayed payments. Mr. Argue is quite right when he says people are writing in and they need the money and we are very concerned with that, but I think I can say that it has always been the board's policy to get out these payments just as quickly as we can, to get our recommendations in to the government as quickly as we can consistent with sound sales policy on wheat and I think that is as far as we can go.

The CHAIRMAN: Can we get back to the main report on page 6?

By Mr. Johnson (Kindersley):

Q. Just one final question on that. You do not feel that the delay in closing out this crop year will jeopardize the amount of future payments?—

A. You mean as between crop years?

Q. Yes, will the delay in closing out this crop year lessen the future payments that will be made at any time?—A. No.

Q. I am concerned there about the welfare of the farmers and the Wheat Board is operating as their agency and I feel that it is my responsibility to point any fears they may have so that they may be corrected.

MR. TUCKER: Isn't it true, Mr. Chairman, that the Wheat Board feels it is acting on behalf of the farmers of western Canada and if they find the farmers of western Canada are dissatisfied about their careful sales policy and show some concern about getting their money as soon as possible the Wheat Board would feel it was under pressure to vary its careful sales policy which might cause them to sell the wheat faster than they otherwise would and so this constant pressure alleged to exist on the part of the farmers and dissatisfaction in delay in getting their money—if the Wheat Board were inclined to listen to it it might have a very bad effect upon prices? That is why I deplore this suggestion all the time that the Wheat Board is not handling their work right. I suggest they have done a very excellent job in handling this vast problem and I am glad they did not transfer the unsold wheat last Fall as the farmers are now getting nearly 7 cents instead of 2 cents they would have got. I disagree with the attitude of the C.C.F. members of the committee in their attitude on this point.

MR. JOHNSON (*Kindersley*): Mr. Chairman, on a point of privilege. I am getting pretty well sick and tired of the statements made by the hon. member for Rosthern. He assumes that anyone criticizing anything the government has got anything to do with is opposing the whole thing in principle. I think any governmental agency is bound to have something wrong with it and I think it is the responsibility of the farmer representatives to try and correct it so the farmers that we in turn represent can get the best possible satisfaction from their activities.

I think anyone who has been sitting in on this committee and listening to the suggestions that we have been making will not construe that in any way as being a lack of faith in the Wheat Board. We have indicated on several occasions a lack of faith in the order in council which has commanded the Wheat Board to follow certain policies and I think we will continue to do that but I do not like these continuous assertions that we are criticizing the Wheat Board because, as the hon. member for Assiniboia has pointed out, there is no group that has endeavoured and will continue to endeavour to find a better market for the western farmers.

THE CHAIRMAN: I don't think you really intended it as a question of privilege, but you still have the right to the floor which I gave you.

MR. MANG: Is it not highly desirable to allay those fears and dissatisfactions among the farmers as they may exist—is it not very necessary for responsible people to have the information to go out and give the correct information and the true picture with all angles involved? When that is done you will find that many of these fears and misunderstandings are going to disappear and the policies that are being followed are going to be strengthened.

THE WITNESS: Just on that point, Mr. Chairman, if I may say one word, I do not think there is any organization that has been as frank about their position as the Canadian Wheat Board. We have in our annual accounts tried to give the very fullest account of what we do and why we do it.

In addition to that we have attended farmers' meetings this past year. I have personally attended the Farmers Union Meeting in Regina. I was at the Farmers Union Meeting in Edmonton and one of the commissioners was at three early meetings; I was at two myself. We were at the Grain Growers meeting and on several occasions we gave the most complete information in regard to the operations of the board and answered any questions frankly which we felt we could answer under the circumstances.

Mr. ARGUE: I can agree with the statements of Mr. McIvor to the full. Certainly we in this group have every confidence in the wheat board. I had the privilege of attending the Farmers Union meeting in Regina to which Mr. McIvor referred and the pleasure of hearing him on a panel discussion before the convention. But there are, nevertheless, certain matters of major policy that have to be adopted from time to time where there are bound to be some differences of opinion. When we come to the point I have another one to raise in the same category.

The CHAIRMAN: Is it in the next section?

Mr. ARGUE: It has to do with the initial payment.

Mr. CASTLEDEN: I think it should be stated here that if the wheat board has any doubt of it I would say that 90 to 95 per cent of the farmers have every confidence in the wheat board and they would rise with open arms if there were any move to try and do away with it.

The WITNESS: Thank you, Mr. Castleden; that is what keeps us going.

The CHAIRMAN: I am not sure what section we were on. I think we were on page six. Let us take "Operating Costs", the last two paragraphs and dispose of it that way. Any questions on "Operating Costs" on page 7?

Mr. ARGUE: What I wanted to make some inquiries about was the interest rate that has been paid by the wheat board. I made the statement Monday—there may or may not be anything to it—but it was given to me by a man I considered to be very high authority, by some official of the Alberta Wheat Pool last fall that their organization was able to borrow money from the banks for the building of a terminal elevator, I believe in Vancouver, at $3\frac{1}{2}$ per cent interest and this party told me that the money that has to be borrowed by the wheat board or by the elevators on wheat board account is subject to a payment of 4 per cent interest. Is there anything in that?

The WITNESS: That is not the case today, Mr. Argue. We have had the interest rate reduced and our rate was 4 per cent on borrowings of our agents against the security of the board's grain—

Mr. QUELCH: I would like to correct my statement then. I thought it was Mr. Henry Young who said that.

The CHAIRMAN: I am sorry, Mr. McIvor is not quite through.

Mr. QUELCH: I am sorry.

The WITNESS: Based on loans which are direct loans from the bank which would be similar to the loan which Mr. Argue had reference to, we have to pay $3\frac{1}{4}$ per cent and we have had these rates cut to $3\frac{3}{4}$ per cent on borrowings by board agents on country stocks and 3 per cent on direct borrowings from the banks.

Mr. QUELCH: I would just like to correct my statement. When we were discussing interest a little while ago I said that I understood that Mr. Henry Young had said the Alberta Wheat Pool was borrowing at a lower rate than the wheat board but I guess it was Mr. Argue that made the statement.

Mr. ARGUE: That is correct. As I say, I cannot vouch for it, but assuming that is true why would a board agent, in other words, I take it an elevator company have to pay a higher rate, if they do, on a borrowing as listed here

at 3½ per cent than if the company went and borrowed a large sum of money for building a terminal elevator? I probably don't know enough about banking to know the answer, but it seems to me that the security on the 3½ per cent loan is actually better security than what they have been charging 4 per cent for.

The WITNESS: I will give you the bank's argument and you can judge for yourself because I don't know anything about banking myself. In the discussions that we had with the banks in which we asked for reduced rates we put forward the view that loans could be obtained—well, we will say on Victory Bonds at 3 per cent and perhaps other commercial loans at around 3½ per cent. Like you, I don't know. I have no direct information, but we had in mind largely the story to which reference has been made on several occasions of the Alberta Wheat Pool and of which I have no direct knowledge except what I have heard by way of gossip, and the bank's story, as I recall it, was that our loan is a variable loan, that is, that we may need \$100 million this month, \$50 million next month, whereas their loan was for a fixed period of time and with certain payments to be made over a period of time which apparently the banks look upon as being a more satisfactory loan than a variable loan.

Mr. ARGUE: I will bow to Mr. Tucker as an authority on banking but it seems to me that banks have always said that on long-term loans they require a higher rate of interest than on short-term loans. Is that not right? The government floats treasury bills which are callable at a low rate of interest while on a twenty or twenty-five year bond issue the rate is a good deal higher than on a short-term issue. It would seem to me the Alberta Wheat Pool borrowed on long-term borrowing and the Wheat Board borrows, I would assume, as a short-term borrowing and short-term borrowings have always had a smaller rate of interest.

The WITNESS: Quite frankly I think we are talking of something we have no certain knowledge of. I don't know what rate of interest the Alberta Wheat Pool paid. I don't know if they would tell me if I did ask them. I have heard a great many tales about what they paid. Some say it is 3½ per cent, some say it is 3¾ per cent. Quite frankly I don't know what they paid.

Mr. ARGUE: I don't think the bank is really entitled to a higher rate of interest on money borrowed by the Wheat Board than on money borrowed by the government because the government stands behind the Wheat Board, the loan is absolutely safe and I can see no reason why the rate should be higher.

Mr. QUELCH: On that point, to what extent are loans to the Wheat Board considered as being guaranteed by the government?

Mr. RIDDEL: The direct borrowings of the board from the banks are covered by a Government guarantee. The borrowings of our agents against the security of board grain are, you might say, indirectly guaranteed by the government in that under our handling agreement with the companies the board agrees to take back that grain from the company or from a bank at the price paid for it, which would be the initial payment at the time. Consequently the loan would be paid off by payments from the board covering the grain with funds borrowed from the bank by the board under its government guarantee. I would say that these borrowings are indirectly guaranteed.

Mr. QUELCH: Then it is difficult to say why the rate of interest is so high because the government borrows at 1 per cent.

Mr. RIDDEL: There are some differences between Board borrowings and borrowings from the bank by the companies in that they deposit as security, warehouse receipts, bills of lading, or provide statements from week to

week showing the stocks of board grain which they carry in their country elevators, all of which requires checking and handling by the bank at some cost whereas the Wheat Board loan is a straight loan with no documents or anything else involved.

The CHAIRMAN: Shall we go on to interim payments to producers?

By Mr. Castleden:

Q. I see we have in that statement \$1,228,000. Is that higher or lower than last year in operating costs?—A. If I may refer you to the supplementary report in which operating costs are brought up to date, on page 3, at the bottom of the page on the right, "Administrative and General Expenses" of the board. This for the life of the 1953-54 pool amounted to \$2,054,039.04, which is slightly over half a cent a bushel and like most business organizations our costs have been going up higher—not substantially but slightly, very fractionally.

Q. And how do they compare with last year's operation per bushel?—A. I think they were about $4\frac{1}{2}$ cents up but we will check and give you the figures.

The CHAIRMAN: Any other questions on that?

The WITNESS: May we give this figure? We have it right here and can clear it up.

Mr. RIDDEL: The administrative expenses of the previous pool were \$1,960,000 or .366 cents per bushel on a handling of 535 million.

The WITNESS: The big reason for the difference there is that we only handled 399 million compared to over 500 million the year before but actually our operating costs are only up about \$90,000 over the previous year.

By Mr. Castleden:

Q. Yes, your handlings are much less. In view of the increase I think that is a very fine showing.—A. I think it is a very reasonable cost. In view of the fact that things are going up we are subjected like other organizations to wage increases and other things which everybody is subjected to these days.

Mr. RIDDEL: Mr. Chairman, for the crop year ended July 31, 1953, the administrative and general expenses of the board amounted to \$2,719,000 and for the year ended 31st July, 1954, to \$2,771,000—a difference of some \$52,000.

Mr. ARGUE: Mr. Chairman, I would like to ask a question about the arrangement of the initial payment.

The CHAIRMAN: Any more questions on operating costs?

Mr. DINSDALE: As a matter of curiosity have you the comparative figures for carrying charges including terminal storage in 1953 and in 1954?

Mr. RIDDEL: Yes, the carrying charges actually paid in 1952-53 wheat crop amounted to \$34,603,000 compared to \$52,525,000 paid and charged against the 1953-54 crop.

Mr. CHARLTON: What was the amount per bushel?

Mr. RIDDEL: Against the 1953-54 crop, country elevator carrying charges amounted to \$37,487,000 which worked out to a rate of 9.418 cents per bushel and terminal storage charges making up the balance amounted to 3.778 cents per bushel. In the previous year the carrying charges on wheat amounted to 4.55 cents per bushel and storage on wheat in terminal elevators and another to 1.941 cents per bushel—almost double in both cases.

Mr. TUCKER: The $4\frac{1}{2}$ cents, Mr. Chairman, that you considered as a carrying charge on the wheat which you took over until you could dispose of it, is that included in the \$52,525,000 or is it taken out of the proceeds of sales in item (b)?

Mr. RIDDEL: Taken out of the proceeds of sales. It is shown as a reduction in price rather than carrying charges. Provision is made for the carrying charges by reducing the price.

The WITNESS: In other words, if we had not provided for those carrying charges our price would have been $4\frac{1}{2}$ cents higher.

Mr. TUCKER: I think that is the place to put it.

The CHAIRMAN: We come into the international wheat agreement now.

Mr. ARGUE: No, initial payments. Now, Mr. Chairman, this might be another delicate subject but a farmer, the same as any other businessman, likes to know in advance if he can what relative prospects for sales are likely to be. He likes to know in advance of seeding what his initial price is going to be in the fall and I want to say that I was very pleased last year that the initial prices for wheat, oats and barley were maintained and I can only express the hope that they will at least be maintained this year and that there will be nothing considered which would suggest the need of a reduction. Can Mr. McIvor tell the committee what possibility there is of getting back to the practice which we had before last year of announcing the initial price before seeding rather than waiting until July when the crop is half-grown and it is all in the ground before the farmer knows what the initial price will be?

The WITNESS: I think actually you are asking a question which should be addressed to the Minister of Trade and Commerce.

Mr. ARGUE: Perhaps it should be and if it should be that is it but you do not consult with the minister in the same way that you consult on the transfers and so forth?

The WITNESS: Very very closely. As a matter of fact, if I have the permission of the committee, I would like to say a few words about the initial payments. The government certainly consulted with the board; they always have. I think one of the most important things—this is a personal opinion—in the fixing of the initial payment is to try to fix a payment which is safe. I know you are smiling. I do not mean a payment that is too low or too high. I used the word “safe”, for the good of the pool and the board. If we were to run into a series of losses I think it would be a serious thing. We have always tried as a board in any advice we have given to the government to be as constructive as we possibly could in respect to initial payments. Last year I doubt if there was ever a more complexing situation than in May and June as to where initial payments should be fixed. We know what happened to the crop, but we do not know the prospect we had at one time. As serious as our position has been in respect to wheat if it had not been for the rust situation last year, I am afraid we would have had a much more serious situation. I actually think the delay last year was sound in view of all the problems.

Mr. ARGUE: Mr. Chairman, on this statement that Mr. McIvor has made as to the factors which went into the consideration of the initial payment last year, my information may not be completely correct, but I got the impression from a great many sources that previous to the setting of the initial payment last year there was quite a lot of discussion, a lot of soul searching and deep thinking, as to what the initial price might be and there was a very substantial school of thought which considered that it might be a good thing to reduce the initial price. We know that what was done was that the price was maintained and I think that was an excellent move. Even though it might have

been considered at the time that there was more risk attached to setting the initial price at the same level as of previous years, even though there seemed to be a falling off in the price, I think it was a good thing for Canada and the international market in wheat and even though the initial price this year might be at \$1.40 and might be considered to be somewhat of a risk I think the risk would be far better if we announced that we were dropping our initial price as it would be an announcement to the world that we were betting on a drop in the international price of wheat. I may hope what will happen is that the initial prices will be maintained at least at the present level and there will be no reduction.

Mr. QUELCH: I suppose Mr. McIvor feels that if it becomes necessary to subsidize wheat it will be better that it be done by a subsidy than by a miscalculation on the part of the board as to what the initial payment will be.

The WITNESS: I do not know whether I can answer that question.

Mr. TUCKER: I think I should say a word of commendation in support of Mr. ARGUE. I am surprised that I can take a position for once supporting his viewpoint but I do so anyway. I think the decision to leave the initial price last year at \$1.40 had a very stabilizing effect upon the thinking in regard to the value of wheat and I would like to commend the Wheat Board and the government for taking whatever chance was involved in leaving the initial price as they did. I think that it not only helped the producers but may have had some considerable good effect upon world prices.

The CHAIRMAN: It is now 5.00 o'clock and I hear a bell. I suppose it is your wish that we adjourn now. We will meet at 11.00 o'clock tomorrow morning in room 497.

May 26, 1955.

11.00 a.m.

The CHAIRMAN: Order.

Mr. POMMER: Mr. Chairman, I wonder if before you start the proceedings you might consider favourably calling off the meeting in time for members of the committee to see the Armoury show in front of the parliament building—the centenary, I believe, of this particular artillery unit.

Mr. ARGUE: What time does that take place?

Mr. WYLIE: Twelve o'clock, I think.

The CHAIRMAN: Frankly, I don't know anything about this show or when it is supposed to start. However, the matter is entirely in the hands of the committee and can be decided in whatever way you wish. I heard from one source that it was due to start at 12.30 and from another that the time was 12 o'clock. Possibly we could obtain further information in the meantime.

Mr. POMMER: Could we adjourn then between 12.00 and 12.30—at 12.15?

The CHAIRMAN: We shall leave the question of the adjournment until later on. Of course, a motion to adjourn is in order at any time, so possibly you could bring the matter up later. No doubt when the show starts we shall hear about it.

Now, yesterday we had pretty well reached the International Wheat Agreement. Mr. McIvor has a statement that I think he should make with regard to final payments.

Mr. George McIvor, Chief Commissioner, Canadian Wheat Board, called.

The WITNESS: I think the western members of the committee in particular would like to know that we have, including today, mailed 180,968 cheques in five working days of this department. The total number of cheques to be issued amounts to 372,835. We have now practically completed the payments for Saskatchewan. We are now moving into the other provinces.

Mr. ARGUE: Can't you lend some of your staff to the Department of Agriculture to enable that department to speed up its assistance payments to prairie farmers?

The WITNESS: We change the order of payments each time. One time we start with Manitoba, the next time with Saskatchewan and then Alberta. We keep revolving. I would like to say this is the fastest we have ever got out cheques in the history of the board; when you figure this out it averages over 30,000 cheques a day, which is quite an achievement.

The CHAIRMAN: It is pretty good going.

Now we come to the International Wheat Agreement. I think this time, since it is all part of the same picture, we shall take page 7—International Wheat Agreement—and then pages 8, 9, 10, 11, 12 and 14 up to the last paragraph, the second column on page 14, Wheat Export By Ports. These are all related to the same question. Now I will call on Mr. McIvor again.

The WITNESS: I think, Mr. Chairman, that I must read this to you because it is very difficult to comment on it without reading the full statement. It is all interlocked.

INTERNATIONAL WHEAT AGREEMENT

The crop year 1953-54 coincided with the first year of the revised International Wheat Agreement, which is effective from August 1, 1953 to July 31, 1956. Prior to the commencement of the crop year 1953-54 negotiations took place which led to the renewing and devising of the first International Wheat Agreement terminating on July 31, 1953. At that time the representatives of forty-five governments signed the revised Agreement, including those of forty-one importing countries and four exporting countries. This group of nations signing the revised Agreement was composed of all the countries that had been adherents to the first Agreement, with the exception of the United Kingdom.

At various times during the crop year 1953-54 four additional countries acceded to the revised Agreement. These were Jordan, Korea, Vatican City State and Yugoslavia. Two of the original signatory countries, Italy and Sweden, failed to ratify the revised Agreement.* At the end of the crop year the countries participating in the revised Agreement numbered forty-seven, of which forty-three were importing countries and four were exporting countries. As at July 31, 1954 the total of the annual guaranteed quantities under the Agreement was 389.2 million bushels after adjustment for non-ratification and for accessions, as compared with a total guaranteed annual quantity of 580.9 million bushels as at July 31, 1953, under the first International Wheat Agreement.

Canada's guaranteed annual quantity under the revised International Wheat Agreement was 150.8 million bushels as at July 31, 1954, after adjustment for non-ratification or for accession to the Agreement by six importing countries through the crop year, and for changes in the guaranteed quantities of some of the importing countries.

Minimum and maximum prices under the revised International Wheat Agreement are \$1.55 and \$2.05 per bushel respectively basis No. 1 Northern Wheat in store Fort William/Port Arthur expressed in Canadian currency at the parity of the Canadian dollar determined for the purposes of the International Monetary Fund as at March 1, 1949. As the Canadian dollar has been

allowed to find its own level freely on exchange markets since October 2, 1950, minimum and maximum prices under the International Wheat Agreement expressed in Canadian currency have been variable as the value of the Canadian dollar fluctuated in relation to its International Monetary Fund parity as at March 1, 1949 or in relation to the United States dollar, which has remained at its gold parity.

In 1953-54 the Board continued to represent the Government of Canada in the administration of the revised International Wheat Agreement.

And then there is a foot note:

Italy acceded to the revised Agreement on December 10, 1954 as an importing country but with a reduced guaranteed annual quantity of 3.7 million bushels.

SALES POLICY—WHEAT

On July 31, 1953 the Board had unsold stocks of wheat amounting to 250.2 million bushels. Shortly after the start of the crop year the Board estimated the farm surplus of wheat for the crop year 1953-54 at slightly over 600 million bushels, the greater part of which would be delivered at country elevators throughout the crop year. The basic problem confronting the Board was that of marketing wheat under surplus conditions and in competition with other exporting countries.

In describing the course of Board asking prices for 1953-54, a brief reference to price developments in the previous crop year is desirable. Throughout 1952-53 the Board sold wheat for registration under the first International Wheat Agreement at maximum prices provided under that Agreement. At the same time, however, Class II prices declined through the latter half of the crop year 1952-53, narrowing the spread between the Board's I.W.A. and Class II asking prices, but still remaining well above the Agreement maximum. This spread was further narrowed when a new maximum price became applicable on August 1, 1953 under the revised International Wheat Agreement.* On the first market day of August, 1953 the Board's asking price for Agreement registration was \$2.03 per bushel while its Class II price was \$2.07 per bushel, both basis No. 1 Northern Wheat in store Fort William/Port Arthur and Vancouver. During the first week in August, 1953 Class II quotations continued to decline, reaching \$2.03½ per bushel on August 7, 1953 which was only fractionally above the I.W.A. maximum price in Canadian funds. On August 10, 1953 the Class II price declined by 9½c per bushel breaking through the I.W.A. maximum level. At that point the Board had to decide what relationship should exist between its I.W.A. asking price and its Class II price. The decision was that I.W.A. asking prices should be at the Class II price level whenever the latter was quoted at or below the I.W.A. maximum price. As a result, the sharp decline in the Class II price on August 10th was matched by a decline of 8½c per bushel in the Board's I.W.A. price, bringing the latter price well below the maximum I.W.A. level. From August 10th to August 13th both Class II and I.W.A. prices increased by 3c per bushel. On August 14th the Board's Class II price increased by 5½c per bushel and Board I.W.A. quotations returned to the maximum level under the Agreement. From August 14th to September 16th, Class II quotations with few exceptions continued at the Agreement maximum and the Board's I.W.A. quotations were for the most part the same as Class II quotations. On September 17, 1953 Class II prices again moved downward from the Agreement maximum level and remained below this level for the balance of the crop year. From this date I.W.A. quotations were identical with Class II quotations.

Early in the crop year the Board increased its selling discounts for No. 2 and No. 3 Northern Wheat in relation to its selling price for No. 1 Northern. For example, at the start of the crop year No. 2 Northern was selling at a dis-

count of 2c per bushel under No. 1 Northern. This discount was increased on several occasions as the crop year progressed until a discount of 6c per bushel was reached. Likewise, the discount on No. 3 Northern was increased from 4c per bushel to 8c per bushel under No. 1 Northern, and the discount for No. 4 Northern was increased from 8c per bushel to 14c per bushel and subsequently adjusted to 12c per bushel late in the crop year. These increasing discounts for No. 2, No. 3 and No. 4 Northern Wheat not only reflected Board holdings of these particular grades, but also served to make these grades more competitive in world markets. In addition to increasing all grade discounts, the Board reduced its selling prices substantially as the crop year progressed.

From the Agreement level of \$2.03 per bushel at the start of the crop year Board quotations for No. 1 Northern Wheat basis in store Fort William/Port Arthur decline through the course of the crop year to a level of \$1.70½ per bushel on July 30, 1954, representing an overall decline of 32½c per bushel for the year. This price decline included a downward adjustment in the Board selling prices of 10c per bushel during June, 1954. On the same basis the overall reduction in Board selling prices for No. 2 Northern, No. 3 Northern and No. 4 Northern was 36½c per bushel. These price reductions were substantial and were made in order to keep Canadian wheat competitive on world markets. On July 30, 1954 the Board's quoted price for No. 1 Northern Wheat was 29c per bushel below the International Wheat Agreement maximum price, and 19¾c per bushel above the International Wheat Agreement minimum price, as expressed in Canadian currency.

As a measure to encourage sales of wheat, the Board provided on September 4, 1953 that buyers should have the option of purchasing Board wheat at its daily quoted selling prices or on a deferred price basis. If a buyer chose the latter basis he had the right to declare the final price up to seven market days after the date of call on shipments from the St. Lawrence or Atlantic ports, and up to fifteen market days from date of loading from Pacific Coast ports. A similar policy was subsequently applied to Port Churchill under which the buyer had the right to declare the final price up to nine market days after the date of call on shipments from Port Churchill. If the deferred price basis was selected by a buyer provision was made for an accounting price to be established, such price to be adjusted finally within the time limits mentioned above. If a buyer did not fix a final price prior to the expiration of the time limits, the Board's selling price at the expiration of the period automatically became the final price governing the sale. The deferred pricing arrangement was a means of making the purchase of Canadian wheat more attractive to buyers under the conditions which prevailed.

A further change in the basis of Board pricing was announced on February 16, 1954. On that date the Board issued an Instruction to the Trade which is quoted in part as follows:

"Owing to lower forwarding costs of wheat shipped to overseas markets from Pacific Coast Ports, these Ports have been operating at near capacity levels during the present crop year while, owing to higher forwarding costs, the movement of wheat from St. Lawrence Ports and Maritime Ports is substantially smaller than during the past crop year. Supplies of wheat for Pacific Coast Ports originate almost exclusively from Alberta. The greater part of Saskatchewan and Manitoba depends on the wheat movement from the Lakehead and then to St. Lawrence and Maritime Ports for the creation of country elevator space and, in turn, the receiving of wheat from producers.

"As a measure to establish more equality in wheat shipments from various parts of the Prairie Provinces, the Board, for such period of time as may be necessary, is adopting a policy of making Board wheat generally competitive

in overseas markets, irrespective of the port of shipment. Pursuant to this objective, the Board will take into account, not only internal costs of moving wheat to seaboard positions, but also the various ocean freight rates involved and such variations in the foregoing costs as may occur from time to time.

"To give effect to the foregoing policy, the Board will, commencing at 1.15 p.m. C.S.T. on Tuesday, February 16, 1954, quote separate selling prices for Board wheat as follows:

- (1) Prices for Board wheat in store Pacific Coast Ports;
- (2) Prices for Board wheat in store Fort William/Port Arthur;
- (3) Prices for Board wheat in store Port Churchill."

In accordance with the above, separate prices were quoted by the Board on and after February 16, 1954 for wheat in store Pacific Coast ports, Fort William/Port Arthur and Port Churchill. On that date the Board reduced its selling prices for wheat basis in store Fort William/Port Arthur by 7c per bushel. This selling differential as between Pacific Coast Ports and Fort William/Port Arthur continued until June 1st when it was narrowed to 6c per bushel, the latter differential continuing until the end of the crop year.

On February 16th the Board posted its first quotation for the 1954 season for wheat basis in store Port Churchill. On that date wheat in store Port Churchill was quoted at a price which was 9c per bushel over the Board's quoted prices basis in store Fort William/Port Arthur, this relationship remaining constant until the end of the crop year.

And then there is a table showing the monthly board quotations.

Monthly average Board quotations for wheat for 1953-54 are shown in the following table:

MONTHLY AVERAGE OF BOARD QUOTED PRICES

	I.W.A. Asking Prices			Class II Asking Prices		
	Basis No. 1 Nor. Wheat in Store			Basis No. 1 Nor. Wheat in store		
	Ft.Wm/Pt.Ar.	Vancouver	Churchill	Ft.Wm/Pt.Ar.	Vancouver	Churchill
	(cents per bushel)			(cents per bushel)		
August, 1953.....	201 $\frac{1}{4}$	201 $\frac{1}{4}$	.....	202 $\frac{1}{2}$	202 $\frac{1}{2}$	.....
September.....	200 $\frac{1}{2}$	200 $\frac{1}{2}$	.....	200 $\frac{1}{2}$	200 $\frac{1}{2}$	.....
October.....	195 $\frac{1}{2}$	195 $\frac{1}{2}$	.....	195 $\frac{1}{2}$	195 $\frac{1}{2}$	.....
November.....	190	190	.....	190	190	.....
December.....	188 $\frac{1}{2}$	188 $\frac{1}{2}$	.....	188 $\frac{1}{2}$	188 $\frac{1}{2}$	.....
January, 1954.....	188 $\frac{1}{2}$	188 $\frac{1}{2}$	.....	188 $\frac{1}{2}$	188 $\frac{1}{2}$	.....
February.....	183 $\frac{3}{8}$	186 $\frac{1}{2}$	187 $\frac{7}{8}$ *	183 $\frac{3}{8}$	186 $\frac{1}{2}$	187 $\frac{7}{8}$ *
March.....	180	187	189	180	187	189
April.....	182 $\frac{3}{8}$	189 $\frac{3}{8}$	191 $\frac{3}{8}$	182 $\frac{3}{8}$	189 $\frac{3}{8}$	191 $\frac{3}{8}$
May.....	182 $\frac{3}{4}$	189 $\frac{3}{4}$	191 $\frac{3}{4}$	182 $\frac{3}{4}$	189 $\frac{3}{4}$	191 $\frac{3}{4}$
June.....	174	180	183	174	180	183
July.....	170 $\frac{3}{4}$	176 $\frac{3}{4}$	179 $\frac{3}{4}$	170 $\frac{3}{4}$	176 $\frac{3}{4}$	179 $\frac{3}{4}$

*Average from February 16th to 28th only.

From August 1, 1953 to July 31, 1954 the Board sold wheat for domestic use at the same prices as it sold wheat for export under the terms of the International Wheat Agreement. This was pursuant to Order in Council P.C. 1953-1045, July 2, 1953.

By authority of Order in Council P.C. 1953-1478, September 24, 1953, the Board's domestic selling prices for Amber Durum grades were increased

10c per bushel over the price at which the Board sold similar grades of wheat under the terms of the International Wheat Agreement. The increased domestic price of Amber Durum grades reflected the higher initial payment for these grades in effect for the crop year 1953-54.

Throughout the crop year Board selling prices for Amber Durum Wheat sold under the International Wheat Agreement were at the maximum prices provided under the Agreement. Higher prices prevailed for Amber Durum Wheat sold on a Class II basis.

SALES OF WHEAT—1953-54

Board sales of wheat and wheat for flour for registration under the terms of the revised International Wheat Agreement amounted to 94.1 million bushels in 1953-54. Actual registrations of Canadian sales of wheat and flour under the revised Agreement totalled 90.9 million bushels against a guaranteed quantity of 150.8 million bushels for the crop year 1953-54. A number of countries signatory to the Agreement elected to purchase quantities of Canadian wheat on a Class II basis in addition to their Agreement purchases.

Total Board sales of wheat on a Class II basis amounted to 123.5 million bushels, including 76.4 million bushels to the United Kingdom and 47.1 million bushels to other countries. Since the United Kingdom was not a signatory country to the revised International Wheat Agreement all sales of Canadian wheat and wheat flour to the United Kingdom and its colonies were on a Class II basis during the crop year. Sales made outside of the Agreement included 15.9 million bushels of wheat for flour in a wide range of markets. Sales of wheat to the United States for consumption also were on a Class II basis.

Sales of wheat for consumption in the domestic market amounted to 53.7 million bushels in 1953-54.

The next is a table summarizing the board's sales. Following that is a table showing the exports of wheat by months; and then we come to the table which shows exports of wheat and wheat flour to continental areas and countries. I think we discussed that at length the other day.

The following table summarizes Board sales of wheat for 1953-54:

	<i>Total Sales</i> (Bushels)
Domestic sales	53,715,298.1
Export sales at Class II prices	123,529,730.3
Export sales under the terms of the International Wheat Agreement	94,100,155.4
Weight losses in transit and in drying	119,872.3
Total sales	<u>271,465,056.1</u>

Total Board sales of wheat during the crop year 1953-54 amounted to 271,465,056.1 bushels, of which 101,547,023.2 bushels were applied to the 1952-53 Pool Account and 169,918,032.9 bushels were applied to the 1953-54 Pool Account.

EXPORTS

The following table shows exports of wheat (including flour) by months for the crop year 1953-54:*

(Million bushels)

August, 1953	28.4	
September	24.2	
October	25.7	
November	24.4	
December	17.7	
January, 1954	17.8	138.2
February	13.7	
March	18.9	
April	15.3	
May	22.5	
June	25.2	
July	21.3	116.9
Total		255.1

Total wheat exports, including flour, amounted to 255.1 million bushels in the crop year 1953-54 as compared with 385.5 million bushels in the previous crop year.

* Source: Board of Grain Commissioners for Canada. Includes exports of Ontario Winter Wheat. Figures subject to revision.

The following table shows exports of Canadian wheat and flour by countries of destination for 1953-54 as compared with 1952-53:

EXPORTS OF WHEAT AND WHEAT FLOUR*

CROP YEARS 1952-53 AND 1953-54

Continental Areas and Countries

Area	Country	Crop Year 1953-54			Crop Year 1952-53 Total
		Wheat	Flour (Wheat Equivalent)	Total	
			(bushels)		
EUROPE:					
	United Kingdom.....	65,809,195	16,230,497	82,039,692	122,853,789
	Germany.....	20,699,355	627,953	21,327,308	24,346,939
	Belgium.....	13,285,003		13,285,003	20,926,028
	Switzerland.....	9,884,905	180	9,885,085	10,538,617
	Netherlands.....	6,814,869	17,451	6,832,320	15,598,587
	Spain.....	3,424,966		3,424,966	3,202,046
	Norway.....	3,186,992		3,186,992	5,889,269
	Ireland.....	1,950,554		1,950,554	6,532,999
	Malta.....	1,683,173		1,683,173	1,471,366
	Denmark.....	878,700	1,354	880,054	2,267,918
	France.....	709,334	15,151	724,485	1,287,165
	Italy.....	382,922	176,472	559,394	13,573,484
	Portugal.....	354,667	57,622	412,289	1,051,908
	Austria.....	350,000		350,000	2,519,007
	Iceland.....		172,755	172,755	63,405
	Finland.....	161,680		161,880	
	Gibraltar.....		135,423	135,423	152,694
	Yugoslavia.....		18,720	18,720	10,255,982
	Greece.....				750,485
	Sweden.....				734,084
	Total.....	129,576,315	17,453,578	147,029,893	244,015,772

EXPORTS OF WHEAT AND WHEAT FLOUR*—Continued

CROP YEARS 1952-53 AND 1953-54

Continental Areas and Countries

Area	Country	Crop Year 1953-54			Crop Year 1952-53 Total
		Wheat	Flour (Wheat Equivalent)	Total	
			(bushels)		
ASIA:					
	Japan.....	39,387,301	1,029,078	40,416,379	14,961,910
	Philippine Islands.....		5,153,202	5,153,202	5,361,606
	Israel.....	4,482,864	3,060	4,485,924	2,493,339
	India.....	4,272,438	76	4,272,514	14,056,008
	Hong Kong.....	168,560	1,043,690	1,212,250	1,242,856
	Korea.....		1,054,273	1,054,273	1,449,909
	British Malaya and Singapore.....		368,951	368,951	415,930
	Thailand.....		310,005	310,005	277,250
	Ceylon.....		242,829	242,829	1,462,460
	Lebanon.....		126,680	126,680	5,619,270
	Saudi Arabia.....		99,094	99,094	209,383
	Formosa.....	79,707		79,707	66,581
	Indonesia.....		72,041	72,041	86,791
	Pakistan.....				14,450,901
	Other Countries.....		36,662	36,662	132,719
	Total.....	48,390,870	9,539,641	57,930,511	62,286,913
CENTRAL AMERICA AND THE CARIBBEAN AREA:					
	Trinidad and Tobago.....		2,228,148	2,228,148	1,884,772
	Cuba.....	1,149,217	903,704	2,052,921	1,361,771
	Jamaica.....	3,490	1,794,708	1,798,198	1,352,388
	Leeward and Windward Islands.....		997,200	997,200	1,037,781
	Haiti.....		609,971	609,971	235,147
	Dominican Republic.....		510,849	510,849	122,427
	Costa Rica.....	40,000	455,328	495,328	408,753
	Guatemala.....		438,615	438,615	284,535
	Barbados.....	1,508	433,498	435,006	366,515
	Panama.....		355,559	355,559	294,862
	Nicaragua.....		300,524	300,524	176,872
	El Salvador.....		295,727	295,727	221,931
	Bahamas.....		262,840	262,840	242,762
	Netherlands West Indies.....		252,648	252,648	167,796
	Bermuda.....		117,850	117,850	110,264
	British Honduras.....		56,093	56,093	53,073
	Other Countries.....	6,667	40,913	47,580	28,601
	Total.....	1,200,882	10,054,175	11,255,057	8,350,250
SOUTH AMERICA:					
	Brazil.....	7,705,841	1,440	7,707,281	11,409,457
	Venezuela.....	11,480	4,183,911	4,195,391	2,865,936
	Ecuador.....	2,005,800	42,462	2,048,262	678,938
	Colombia.....	1,270,089	772,475	2,042,564	488,694
	Peru.....	1,567,351	41,121	1,608,472	5,631,409
	British Guiana.....		982,219	982,219	969,507
	Bolivia.....	846,120	17,626	863,746	2,283,607
	Surinam.....		195,066	195,066	170,564
	Chile.....				1,477,534
	Other Countries.....				4
	Total.....	13,406,681	6,236,320	19,643,001	25,975,650

EXPORTS OF WHEAT AND WHEAT FLOUR*—*Concluded*

CROP YEARS 1952-53 AND 1953-54

Continental Areas and Countries

Area	Country	Crop Year 1953-54			Crop Year 1952-53 Total
		Wheat	Flour (Wheat Equivalent)	Total	
			(bushels)		
AFRICA:					
	Union of South Africa.....	7,722,960		7,722,960	5,675,599
	Gold Coast.....		901,170	901,170	141,381
	Belgian Congo.....	9,186	705,596	714,782	211,846
	Nigeria.....		534,537	534,537	129,029
	Libya.....	451,734		451,734	772,800
	Portuguese Africa.....	398,346	52,136	450,482	220,708
	Morocco.....		294,692	294,692	574,686
	Sierra Leone.....		116,352	116,352	53,928
	Azores and Madeira.....		58,819	58,819	34,654
	Egypt.....		6,367	6,367	13,905,063
	Other Countries.....		56,758	56,758	32,823
	Total.....	8,582,226	2,726,427	11,308,653	21,752,517
NORTH AMERICA:					
	United States:				
	Consumption.....	5,517,413	281,417	5,798,830	17,364,050
	Milling in Bond.....	2,160,739		2,160,739	5,763,620
	Total United States.....	7,678,152	281,417	7,959,569	23,127,670
	Other Countries.....		20,466	20,466	17,769
	Total.....	7,678,152	301,883	7,980,035	23,145,439
	Grand Total.....	208,835,126	46,312,024	255,147,150	385,526,541

*Source: Board of Grain Commissioners for Canada. Includes exports of Ontario Winter Wheat. Figures for 1953-54 subject to revision.

The general level of Canadian exports in 1953-54 followed the downward trend which existed in international wheat and flour trading during the crop year, with demand holding more strongly in markets for Canadian flour than in wheat markets. As a result of unusually high levels of world grain production, the release of reserve stocks of wheat for domestic consumption in a number of European countries and the emergence of several countries as important exporters, the regional pattern of Canadian exports of wheat and flour was modified in some important respects in comparison with the previous year. While the volume of Canadian wheat and flour moving into certain regions was sharply reduced from the levels attained in 1952-53, exports to other markets were well maintained and in a few instances showed a marked increase over the previous year.

Europe again constituted the principal external market for wheat and flour in 1953-54, importing from Canada a total of 147.0 million bushels of wheat and flour, or 58% of Canadian exports as compared with 244.0 million bushels, or 63% of total exports in the crop year 1952-53. The United Kingdom continued to provide the largest single market for both wheat and flour. In most countries, total import requirements were sharply reduced following excellent 1953 harvests through most of Europe and the releasing of reserve wheat stocks. Declines from the high level of exports reached by Canada the

previous year were most apparent in countries such as Italy, Yugoslavia, the United Kingdom, Belgium, the Netherlands and Ireland. Exports to a few European countries, notably Germany, Switzerland and Spain were nearly maintained at the level attained the previous year.

Asia provided the second external market of major importance for Canadian wheat and flour, importing 57.9 million bushels or 23% of Canadian exports as compared with 62.3 million bushels or 16% of total exports in 1952-53. Marked reductions which occurred in wheat and flour exports to India, Pakistan, Ceylon and Lebanon due to increased production in those countries or other reasons, were almost offset by increases in exports to Japan and Israel. The unusually strong Japanese demand for Canadian wheat resulted in part from a change-over in public taste from rice to wheat products and from a deficiency in that country's production of cereal grains in 1953. Markets for Canadian flour in the Philippine Islands and Hong Kong also were well maintained.

Central America and the Caribbean area purchased 11.3 million bushels, consisting chiefly of flour as compared with 8.3 million bushels in 1952-53. The volumes of flour exported to this area during 1953-54 were increased in virtually every individual market over the levels attained in the previous crop year.

South America purchased 19.6 million bushels of wheat and flour or approximately 8% of total Canadian exports in 1953-54 as compared with 26.0 million bushels in 1952-53. The return of the Argentine as a normal supplier in international wheat trading was a factor in the reducing of Canadian exports to certain markets in South America such as Brazil, Peru, Bolivia and Chile. These are markets in which the Argentine enjoys a natural geographic advantage and to which that country has been a traditional supplier. However, declining Canadian exports to countries situated in the southern regions of the continent were partially offset by increased sales of both wheat and flour to northern markets, particularly Venezuela, Ecuador, Columbia, British Guiana and Surinam.

Exports to Africa totalled 11.3 million bushels in 1953-54 as compared with 21.8 million bushels the previous year. Reductions in the purchase of Canadian wheat and flour below the level of the previous year occurred entirely in the northern countries of Africa, including Egypt, Lybia and the French Colonies, where domestic production was large in 1953. Increased exports were recorded to markets located in the southern and western regions of the continent, particularly the Union of South Africa, Gold Coast, Belgian Congo and Nigeria.

Exports to the United States, consisting principally of low grade wheat for feeding purposes, amounted to 8.0 million bushels as compared with 23.1 million bushels in 1952-53. The important decline in exports to this market resulted largely from a greater availability of feed supplies in the United States throughout the crop year.

The next section deals with the exports by ports. That is all, Mr. Chairman, on that.

The CHAIRMAN: Are there any questions on this?

By Mr. Charlton:

Q. This guaranteed annual quantity under the revised International Wheat Agreement, on page 7, does not mean very much?—A. The International Wheat Agreement provides that there is a minimum and a maximum price. The importing countries have the right to call wheat under the agreement at the maximum. The exporting countries have the right to supply agreement quantities at the minimum price. I do not think that either of those actions

has been taken through the life of either agreement, the present or the previous agreement. During the previous agreement the wheat traded largely at the maximum price; in fact I think almost completely at the maximum price, certainly as far as Canada is concerned. During the life of the present agreement the prices have been somewhat lower than the maximum and somewhat higher than the minimum.

Q. It is only in the case where you stipulated the minimum price that you could require them to accept the amount they had bargained to buy?—A. Yes.

Q. But not at anything more than the minimum?—A. Yes.

By Mr. Quelch:

Q. What was the price we were paid by Great Britain during the period class II wheat was above the maximum price?—A. When the British were no longer members of the agreement they paid the class II price the same as any other country.

Q. Above the maximum?—A. It was above the maximum and then went below.

Q. So long as the price of class II wheat is between the maximum and the minimum, it makes very little difference whether Great Britain is within the agreement or outside the agreement? Is that right?—A. There, of course, is a very big difference. Just expressing a personal view, Britain for reasons best known to herself decided not to come into the new agreement. They have claimed that there has been some advantage to them. Personally I do not think there has. I think their position as far as prices are concerned would have been the same whether they were inside or outside in the agreement.

Q. They have not any wheat below the minimum?—A. Not from Canada. They did, I believe, buy some low grades from France, but they have not bought any wheat below the minimum from any of the export countries under the agreement with the exception of some recent purchases of American feed wheat to be used in their compounds which was offered by the Americans at a very low price, and in fact if I might use the words—at a shockingly low price. The wheat was offered at \$1.10 to \$1.15 at Duluth.

By Mr. Argue:

Q. Is that the garlicky wheat?—A. I understand that is the light quality feed wheat which may have been as a result of the rust they experienced last year.

Q. Did Britain buy any of the garlicky wheat?—A. Yes, but not at as low a price as the feed wheat.

Q. Would not the garlicky wheat end up as flour?—A. The only thing I know—and I do not pretend to speak as a miller—is that I would think it would be very risky to put garlicky wheat any place near the grinders of the mill.

Q. I have been told this by American wheat experts, whether they know what they are talking about or not I do not know; but as to the garlicky wheat I am told they take out the garlic bulbs and in a little while it is just as good as any other wheat. I do not know if that is right. They thought that was something desirable in order to get rid of the wheat at a low price; sure, it had garlic bulbs in it, but they could be taken out and the quality of the wheat was largely restored.—A. I am not familiar with garlicky wheat at all. However, I have been told it is very dangerous to put it in the mill.

Q. This seemed to be a year of very severe reductions in the selling price of wheat and probably more than any other reason the increased cost in storage has been the main factor contributing to the greatly reduced interim payment and a small final payment. The board has followed a policy of meeting competition wherever competition may arise. The thing which has

bothered me from time to time is this: the main competition is from the United States and to what extent is there prior consultation between Canada and the United States before either nation undertakes a severe reduction in the price of wheat? The first one I might refer to is the reduction by Canada on February 16, and the second very substantial reduction in the price of wheat is the one which I believe the United States led sometime in June. To what extent is there prior cooperation in consultation, and to what extent would each country feel that this move was essential to both?—A. Now, you have really asked two questions. I think it would be best to deal with the first one first. There has been a policy in which we have been informed by the United States of their intention to take certain actions in respect to price. I would like to make it very clear—and I think this is very important—that there is no cartel between Canada and the United States in respect to wheat prices which might work very much against us in the importing markets. But we have followed a policy, and I think we will continue to so follow a policy of consultation. There has been a completely frank discussion between ourselves and the United States on that point. I do not want you to think that our wheat has been put down to the level of the United States; it has not. We keep in mind the fact that the quality of our wheat is better than the quality of the American wheat that is going into the export markets. I do not have the figures in front of me, but I think perhaps as of yesterday our No. 1 Northern would be around 16 to 17 cents higher than their one hard winter which is the top of their so-called export grades. That premium we feel is a premium which is recognized by buyers as being a premium which is fair having in mind the quality of the two wheats. I think the board's policy can be best described as an effort on the part of the board to cushion a decline which has been brought about by huge stocks of wheat all over the world and the fact that there has been serious competition from Argentine, Turkey and other nations apart from ourselves and the United States; there is also Australian competition and they too have found it necessary to share the downward trend of prices.

Q. Specifically was there any consultation with the United States officials before the reduction in the price of Canadian wheat of February 16, 1954?—A. Yes, there was.

Q. And were the Americans agreeable to such a move?—A. Well, I think it would be very unfortunate if we started to discuss with the committee as to who took the lead in such a move.

Q. I may or may not be correct but I took it that the February 16 move was a Canadian move initially, a move initiated by Canada, and it resulted in an adjustment in the price of wheat.—A. Are you talking about the 7 cents decline?

Q. Yes.—A. That is a horse of an entirely different colour altogether. Of course, that move was initiated by Canada. The reason we did it was that we had a very serious situation in the province of Saskatchewan in taking delivery of wheat from producers and unless we lowered the price at the St. Lawrence—the St. Lawrence price was completely out of line—we would have had almost a stoppage in the movement of the wheat at the lakehead and consequently would not have been able to take delivery from the producers. We decided that the only thing to do was to reduce the price which would put the St. Lawrence in a competitive position with Vancouver in order to release Lakehead stocks of wheat and move them into eastern ports.

Q. I was not questioning the reasons behind the action on the part of the Wheat Board. I was just questioning as to whether there had been some consultation or cooperation, and to that question you answered yes.—A. Yes We advised the Americans we intended to do that.

Q. In order you say to move a relatively greater quantity through the eastern ports you had to reduce the eastern seaboard price. Could the same reduction not have been obtained by let us say splitting the amount by some method, reducing it in the east and increasing it in the west, so that the net effect would be an adjustment and not a reduction of income to the Wheat Board?—A. No. I do not agree with that. I do not think it could be accomplished that way. The situation was that our prices at that particular time had a definite relationship to other prices and we were trying to make them competitive having in mind quality. If we had just partially reduced the St. Lawrence price and put the Vancouver price up we would have put our price further out of line as far as Vancouver was concerned and reduced our sales and we would not have accomplished the thing we wanted to accomplish.

Mr. TUCKER: Mr. Chairman, I take it that the decision was entirely a matter of marketing wheat and a decision of the Wheat Board itself?

The WITNESS: Absolutely.

By Mr. Argue:

Q. Mr. Chairman, I am glad to see there has been a levelling off between the prices charged at Fort William and Vancouver. As a matter of fact, apparently the Vancouver price is now being quoted less than the Fort William price. What are the factors that brought about a return, shall we say, to somewhat the same position that prevailed before February 18?—A. A readjustment in the cost which came about by the reduction in ocean freight rates between moving wheat from Fort William overseas and Vancouver overseas. The Vancouver ocean rates which had been very low comparatively, due to a number of factors have since increased very substantially. The thing which contributed to the lower price in the St. Lawrence was the fact that it cost more money to ship by the St. Lawrence than through Vancouver to competitive markets. As the Vancouver ocean rate increased we gradually had to lower the Vancouver price to compete with the St. Lawrence price. In other words, different balances are going on all the time and it is entirely a question of the cost of shipping.

Q. Then there was the United States reduction in price in June. Was it 10 cents a bushel? I think it was in that neighbourhood?—A. I think it was, yes.

Q. Well then, did the American reduction in the price of wheat take Canada by surprise or were you informed that it was about to come about and did you have some prior consultation and make some protests and so on in order to ward it off if at all possible?—A. We certainly had prior consultation. I would like to suggest to the committee we hope that we will be able to continue these consultations and I trust that some of the answers I am giving under the questioning will not mean that the Americans will feel that we are discussing this thing too freely. I am just suggesting this to the committee. These consultations go on constantly between the two countries. We have the very widest consultation between ourselves and the United States on all of these problems.

Q. But you do not have a cartel in wheat because you do not always agree?—A. I have made it very clear in our discussions that we certainly do not agree with their present policy of selling wheat for foreign currency. There are a lot of points on which we cannot agree. But we do carry on the widest consultation with the Americans and in fact with the Australians.

Q. Mr. Chairman, I think consultation is very necessary and I think cooperation is very necessary in so far as it is possible because certainly these two dollar countries who are two of the largest exporters of wheat can do

nothing but hurt each other if they get into a price-cutting war. There has been no cartel because the cooperation has not been too complete, but I am suggesting that a complete form of cooperation is of value to the Canadians and Americans—and in my own opinion it is also of value to the world—because if the world price for wheat does go down to a point where it seriously affects North American economy the others will not gain by that.—A. I agree with that. We have got to continue our cooperation with the United States and with Australia and I know there are some people in importing countries abroad who very strongly hold the opinion that a break in wheat prices of a substantial character can only have a very severe effect on their own trading position.

Mr. QUELCH: What about the Argentine? Is there any consultation between Canada and the United States and the Argentine?

The WITNESS: Not as far as Canada is concerned. I cannot speak for the United States.

By Mr. Dinsdale:

Q. Regarding the United Kingdom situation, I notice the report says it is still the largest single importer, and I also notice that exports have decreased substantially between 1952-53 and 1953-54. I think the figures are something like 122 million bushels to 82 million bushels. Have you any idea of the present trends in that export situation?—A. We have expanded our business with the United Kingdom very substantially this year as compared with last year. In other words, the trend is upwards and I think the reasons are mentioned in this report; that is that last year the United Kingdom had a good crop to start with—I am talking now about the previous year ending July 31, 1954. And in addition to that, for the twelve months period to that time, reserve stocks were being restored to the mill grist which had the effect of cutting down our sales as those reserve stocks were substantially Canadian wheat.

Q. They had not been importing from any other country in substantial amounts during that period?—A. No. Their over-all imports were down for that year.

Q. Was any trading going on, for example, with Russia in grain?—A. I think in the crop year 1953-54 there were small quantities of Russian wheat purchased by the United Kingdom.

Mr. Riddel advises me there were two cargoes, and this year I have not heard of any at all. This year a very interesting factor in the United Kingdom trade has been the large quantity of wheat which has been purchased from France at very low prices.

Q. You said a moment ago Britain was importing feed wheat, I believe it was, from the United States at low prices. Is she importing other quantities of wheat from the United States in any large quantities?—A. Yes. She is taking some hard winter wheat from the United States but not in any excess over normal at all.

I would like to mention for a minute that in the United Kingdom the mills there operate on a grist and I think it can be said that our wheat is the foundation of that grist. The balance of the wheat which they purchase is generally referred to as "filler" wheat. We will say, for example, they are using 50 per cent of Manitobas, which I think is about the basis at the present time, and at the same time complement that with 10 to 15 per cent of English wheat and perhaps 10 per cent of French wheat, and some Australian and perhaps 5 per cent of American hard winter wheat. That would be the blend that would be

the most desirable from the standpoint of the particular type of flour which they manufacture. If you go north into Scotland they like another type of bread so our Canadian wheat would probably be 60 to 75 per cent of the grist. The quantity of Canadian wheat is larger in Scotland.

By Mr. Quelch:

Q. In the countries which have a supporting price of wheat internally, is the price to the miller governed by the world market price or is the price to the millers a subsidized price by the government?—A. Many of these countries have a different procedure in regard to the prices they charge their own home grown millers. Generally speaking, I think that what they do is they charge the millers the price they are paying to the producers at home or whatever it might be, and they provide them with the imported at whatever cost laid down in the particular country concerned. That is a common practice.

Q. In that case, they would lay down a quota as to how much domestic and imported wheat they would have to use.—A. There are hardly any countries which operate the same way internally. The policies seem entirely different. If you would like we could file with the committee an outline of the policies followed by the various importing countries.

Mr. QUELCH: That would be interesting.

By Mr. Charlton:

Q. Mr. McIvor, it seems that there is quite a variation in the price between Churchill and Fort William and Port Arthur and Vancouver. There must be some justification for that?—A. Yes. Once again it is the same thing that applies in regard to Vancouver or the St. Lawrence. You know, when you have got to move wheat from the lakehead to the St. Lawrence there are certain fixed charges in there. The ocean freight rates into Churchill are less than the combined charges to St. Lawrence ports and the ocean freight rates from the St. Lawrence overseas. So there is a difference in the shipping cost. What we generally try to do is to assess a premium over Fort William which about reaches that difference although we have to discount it a little because the wheat from Churchill is not as easily accessible as that from the St. Lawrence. In other words, there is just a certain shipping season. That accounts for the fact that there is a premium on Churchill.

Q. Do you try to regulate your supply at Churchill to the amount of the flow? I always understood there was a slight advantage in purchasers buying wheat through Churchill.—A. There is for the reason of the discount—you mean an actual advantage?

Q. Yes?—A. Oh, definitely.

Q. Is it not partly taken up by this increased price for Churchill?—A. Yes. We try to recapture as much of that advantage as we can and still sell the wheat for the benefit of the producer. Our position has been we have been able to sell every bushel of wheat we could physically move.

The CHAIRMAN: I think, as the band is here, although I am told the inspecting general is not due until 12.30, it is going to be hard to continue in competition with the military band. I would like to carry at least one section this morning in order to make some progress. Shall we carry one item before we adjourn?

Mr. TUCKER: I have one question . . .

The CHAIRMAN: Very well, Mr. Tucker, you have a strong voice.

By Mr. Tucker:

Q. It concerns the use of Churchill. I see that in July the differential between Fort William and Churchill was 9 cents a bushel which means that on all the wheat that went from Churchill the farmers got 9 cents more than they got on the wheat that went from Fort William. Is that correct?—A. That is right.

Q. That differential would not be carried through with regard to the entire 11,000,000 bushels that went to Churchill, I take it?—A. Yes, I think it was. They are getting 9 cents on all the wheat we shipped through Churchill last year.

Q. The use of Churchill last year meant that the farmers of Western Canada got nearly a million dollars more for their wheat than if they had shipped it through Fort William?—A. That is right.

Q. You set the domestic price of wheat on the basis of what you sell for export and when you sell it at a different price in Fort William, Vancouver and Churchill how do you decide in any specific instance which price you are going to charge domestically?—A. The Fort William price.

Q. Why is that? The Fort William price is sometimes much lower than the Vancouver price.—A. There was a time quite recently when the Fort William price was higher than the Vancouver price and it would tax the wisdom of Solomon to decide which mills are going to get wheat at the Churchill or Fort William price—Churchill is completely out of it because they don't ship from Churchill; no one can decide between Vancouver and Fort William. Administratively it would be quite impossible because you don't know which of the areas these mills reach in the sale of their flour. I think that over the years it works out fairly.

Mr. MANG: Our sales of wheat to Britain have dropped this year apparently. I think that somewhere I saw figures showing that our sales of barley had increased almost three fold . . .

The WITNESS: We shall come to barley a little later on in the report. I think, if I may suggest it, that it would be easier if we confined ourselves now to the question of wheat.

By Mr. Tucker:

Q. Am I right in my understanding of the figures here that between one and two million bushels more wheat went through Churchill last year than went out through the Atlantic ports?—A. You mean Halifax and Saint John? That is correct. In 1953-1954. But I would like to say that Halifax and Saint John have had almost a record year this past year. I think the total combined shipments of wheat and other grains was about 40,000,000 bushels.

Q. In the year under review, 9 or 10 million bushels went out of the Atlantic Ports and in the subsequent year the figure rose to 40 millions.—A. Forty millions—of course 9.9 millions was wheat. It was a fine year.

Q. What was the reason for the increase last year compared with previous years?—A. It involves exactly the same point as I mentioned earlier in answering Mr. Argue's questions on the reason for the differential between the St. Lawrence and Vancouver. The same freight differentials apply to the Maritime ports as to the St. Lawrence.

By Mr. Johnson (Kindersley):

Q. In regard to the terminal storage facilities available at Churchill and the St. Lawrence ports—there has been more grain shipped through Churchill than through the St. Lawrence ports has there not?—A. I would think—and I would be subject to correction—that the elevator at Churchill has handled more wheat than any other elevator in the country proportionate

to the period of time of navigation. In other words, if you were dealing with a 12 month navigation period, which applies for example to Vancouver, and you interpreted the amount of shipping in the two and half month on the basis of a 12 month period, the Churchill movement would be something almost phenomenal and I would like to say here we have had nothing but the very finest experience in handling our wheat through Churchill.

Q. It appears then that an increase in the storage facilities at Churchill would give quite an advantage to the farmers and to the Wheat Board by reason of the increased quantities that could be sold through that port?—A. The storage at Churchill is of course being increased but it would be unwise to think that because the storage is being doubled that it would be possible to double the movement of grain from Churchill. I don't think you could do that. The great problem in Churchill is that oceans boats do not run like buses—in other words they do not run one on the hour every hour. Some factor might arise which might delay a boat for two or three weeks, for example this dock strike in Liverpool. Certain boats which might have been chartered to go to the St. Lawrence to load grain would be delayed to the extent that they are unable to discharge their cargoes in Liverpool. The great problem in Churchill is to set up a program which will provide for these incidents, because the worse thing that could happen to the port of Churchill would be to get boats in there and fail to get them out. That would be the worst disaster that could happen to the port. So you must gauge your loadings in Churchill on your ability to get these boats out before the freeze-up. Increased elevator capacity is only part of the problem, but it will certainly help a great deal.

By Mr. Tucker:

Q. To what extent does the commissioner estimate doubling the elevator capacity will affect exports?—A. That can only be a guess. I was asked that question by the committee representing the port of Churchill—the Hudson Bay Route Association—and I gave a guess that it might increase the movement by a third.

The CHAIRMAN: Shall we carry this?

By Mr. Johnson (Kindersley):

Q. I understand that the board does originate sales of wheat itself. What proportion of the yearly sales originate with the board rather than with an agent of the board?—A. It depends almost entirely on the country you are dealing with. The tendency recently has been for the lifting of government restrictions in some of the importing countries. The Netherlands for example are giving to private traders the right to import the wheat on their behalf.

Q. Which means that those sales would not be transacted through the board but through the private section of the industry.—A. On the other hand Switzerland has a buying commission. In regard to our operations with Germany they are continuing at a Wheat Board-German Government level. It is the same in the case of Norway.

Q. Would you say it would amount to 25 per cent of your sales as a rough guess?—A. I would not think so because the United Kingdom, now that they have returned the trade to private hands, have thrown the balance over. However, on reflection I think it could amount to 25 per cent of our total exports sales—I have in mind Japan for example. All that business is conducted at the Wheat Board-Japanese Government level—and South Africa. For this year it would be around 25 per cent.

Q. Do you think the sales this year are equal to or above those of last year?—A. I was asked that question the other day and I did say as I recall it that our sales at this date this year are in excess of the sales at this date last year.

By Mr. Pommer:

Q. In the last paragraph of this section I note that for the crop year 1953-1954 we sold 8,000,000 bushels of feed wheat to the United States compared with 23,000,000 bushels in the year 1952-1953. Did we ever sell them any of our No. 2 or No. 3 wheat for mixing purposes? Is it their policy to purchase our hard wheat to mix with their soft to bring up their average grain?—A. There is a quota on the importation of milling wheat into the United States for use in the United States of 800,000 bushels of which Canada supplies 795,000 bushels. We always manage to meet our quota but beyond that we cannot go. Once we have done that it is finished.

By Mr. Bryce:

Q. I would just like to ask this question for my own education. With regard to the English cooperative, and to the Scottish Cooperative which have farms here, do they come under the board or can they ship their grain out—arrange for a boat to take it right to the Clyde—or does it come under the board?—A. The Scottish Cooperative have sold their farm but they do have some country elevators and they are agents of the board and work under the handling agreement the same as the other countries. Any wheat they purchase is purchased through the board.

The CHAIRMAN: Shall we carry this now?

By Mr. Tucker:

Q. I have another question to ask with regard to the fixing of the domestic price of grain. Let us take, for example, last July when the price in Vancouver was 6 cents over the price in Fort William. That meant that the miller in Vancouver was getting the wheat he was using for milling purposes at a price 6 cents below what you are getting when you sell it for export?—A. There is one small mill at Vancouver called the Delta Flour Mill. I do not know how much they use but I do not think we could alter our whole policy in order to take care of that particular situation.

Q. When you come to Edmonton and Calgary, again you are giving them the wheat cheaper than they would have to pay if they were buying it on the basis of the Vancouver price?—A. You are assuming that the Vancouver wheat is always going to be at a premium over Fort William, or visa versa. What would we do if for example the pendulum swung the other way?

Q. I think you should zone the country and work it out that way.—A. The domestic freight structure today is very complex and just how you would zone the country I don't know.

Q. You decide pretty well where you are going to ship your grain as between Vancouver and Fort William?—A. Yes, but you are working entirely on an export basis and what the ultimate cost will be in Vancouver or Western Saskatchewan compared with the cost in Eastern Saskatchewan and Manitoba depends on mileage freight rates.

Q. Why can you not say that in the case of deliveries which ordinarily come through Vancouver people in that area must buy on the basis of the Vancouver price, and where they are going through Fort William, on the basis of the Fort William price?—A. How do you know which...

Q. Do you not have a definite policy as to where you are going to ship?—

A. No. We wanted this price relationship between Fort William and Vancouver and the balance line depends on how economically you can move your wheat from Vancouver or Fort William, and if you find that the Vancouver position is such that you can move wheat right down into Western Saskatchewan, you move it through there. We have shipped millions of bushels of Saskatchewan wheat through Vancouver. But as the price relationship changes you would probably have to confine yourself to Alberta. There is no fixed line.

Q. There is an approximate line. You do not ship any Manitoba wheat out of Vancouver.—A. I don't know whether I can explain it or not, but I am trying to do my best. For example, if you had a 7 cents advantage at Vancouver it would pay you if you could move your wheat through Vancouver to move wheat from Saskatchewan points down to five or six cents a bushel differential because you would still have an advantage. If your Vancouver price goes down to a price even with the Fort William price or below you would have to move your line right over into Alberta because if you ship wheat from Saskatchewan you would not obtain the Vancouver premium and you would lose the freight.

Q. Actually you shipped about twice as much wheat during the year under review through Vancouver as through Fort William?—A. Yes, because the premium was maintained at Vancouver. But we never know from day to day what factors will come along to affect that situation.

Q. What I am getting at is this: would there be any harm in saying that the domestic consumer is to pay the price based on Vancouver, through which you send more wheat than Fort William?—A. I would suggest to you that that would mean in effect there are times you would be selling your wheat to the domestic consumer at less than the Fort William price.

Q. But generally the Fort William price is below the Vancouver price, is it not?—A. Not necessarily. Most of the spring the Fort William price was higher. Taking the price at the present moment at Vancouver. The last freight rates we have had from Vancouver, I think the figure was 115 shillings per ton. That freight rate has advanced in a period of twelve months from about 65 shillings. It has virtually doubled itself. That means that if you are going to move wheat out of Vancouver you have got to pay that freight rate and to the extent that you pay that rate your Vancouver price is lower than it is out of Fort William unless the Atlantic rates come up to meet the Vancouver rates, which they are not doing at the present time.

Q. By this policy you feel you are getting as much for wheat sold for domestic consumption as if you tried any other system of doing it?—A. If we changed it, all we would accomplish would be that we would exchange one "headache" for hundreds of "headaches" and arrive at the end of twelve months in a position where we have probably not gained a cent for anybody.

The CHAIRMAN: Shall this carry?

Carried.

Shall the committee adjourn? We will meet this afternoon at 4 o'clock.

AFTERNOON SITTING

THURSDAY, May 26, 1955

4:00 p.m.

The CHAIRMAN: Order. Gentlemen, this afternoon, if it is the wish of the committee, we shall try to accommodate the Canadian Wheat Board. Mr. C. E. G. Earl, the Comptroller is here, and also Mr. W. Riddell, and they would prefer, if the committee is agreeable, to deal with the financial statement because

Mr. Riddel has to leave tonight on the train to go back to Winnipeg. So, will you now please turn to page 29.

Mr. ARGUE: Does that mean that we will be coming back to the report?

The CHAIRMAN: Yes, we shall come back later on to where we left off. But we shall just take the financial statement now. Mr. Riddel will make a statement and then we shall follow the usual procedure and consider the statement section by section.

Mr. W. RIDDEL (*Commissioner*): Mr. Chairman, the financial statements of the board are dealt with in part two of the report. Following the usual practice, these statements have been made up to July 31, 1954 which was the end of the crop year.

There were two exceptions, however, and I would like to read one paragraph from the centre of page 29 of the report as follows:

The 1953-54 Pool Accounts for oats and barley, therefore, have been closed and final payments have been issued to producers at the date of this Report. Consequently, after considering the proximity of the closing dates of the accounts to the year-end date of July 31, 1954, operating statements for these accounts and the Consolidated Balance Sheet have been drawn up so as to include subsequent transactions from the year-end date to the closing dates indicated above in order to reflect the final operating results of the 1953-54 Pool Accounts for oats and barley.

Due to the large volume of wheat remaining unsold in the 1953-54 Pool Account it was decided that it would be advisable to defer the closing of this account.

With these two exceptions, all the other accounts shown in the regular statements have been made up to July 31. The balance of the report gives an explanation of the items appearing in the consolidated balance sheet. Following that there are statements covering the operations of the oats and barley division and so on, and then the financial statements appear as exhibits 1, 2, 3, 4 and so on.

The CHAIRMAN: Are there any questions on the opening paragraph? I think this is pretty well self-explanatory. Shall we go on to the consolidated balance sheet? If so, you might now please turn to exhibit 1, if that is where it is. Are there any questions?

Mr. ARGUE: Why is there a difference in the two prices for wheat? Was the contract price for wheat sold?

Mr. RIDDEL: Yes. The first item represents wheat stocks which had been sold, and the prices fixed, but the grain had not been delivered as at the date of the balance sheet.

Mr. JOHNSON (*Kindersley*): What would be "Accounts receivable"? What are the main factors in that \$112,688.71?

Mr. EARL: It consists chiefly of outstanding amounts which were due in respect to sales at Calgary. We have the usual sundry amounts which you will find in almost any business, which are due to the Board.

Mr. JOHNSON (*Kindersley*): I do not know whether it comes under this item or not, but it is relative to the financial operations of the board; is there any arrangement with the Department of National Revenue whereby they contribute a certain amount to the wheat board for services rendered?

Mr. EARL: They do not contribute anything for services rendered. We are required under the terms of the authority of the Department of National Revenue to supply them with certain information, and this we do; we invoice them for it and they pay us for it.

Mr. JOHNSON (*Kindersley*): Is that information something which has to do with the cash certificates paid to individual farmers?

Mr. EARL: You mean the cheques issued?

Mr. JOHNSON (*Kindersley*): Yes.

Mr. EARL: It does.

Mr. JOHNSON (*Kindersley*): Do you keep copies of all cheques which are issued?

Mr. EARL: Yes. We are required to do this; under the standing order demanding this information.

Mr. JOHNSON (*Kindersley*): It is fairly evident that the income of the grain growers can be very definitely ascertained. I think the Department of National Revenue should give you some compensation for the trouble you go to in giving them those figures.

Mr. EARL: They do. We charge them exactly what it costs us to produce that information. We send them an invoice for the cost of it and they pay it.

Mr. JOHNSON (*Kindersley*): Where would that be shown in your statement of assets?

Mr. EARL: It is not shown at this time because it has been paid to us and it is credited against our printing and stationery costs. That is where you would find it. We charge them for the paper we use, the time, the machine rentals, and so on.

Mr. QUELCH: Is similar information given by livestock agents?

Mr. EARL: I cannot tell you.

Mr. GOUR (*Russell*): It is the same with the cheese factories, with the drivers, and the buyers. We do not receive a cent of pay for our secretaries, and we even have to pay for the stamps to send in the bill.

The CHAIRMAN: Let us continue. "Wheat Stocks" Wheat stocks on page 29. We carried exhibit 1 and we now turn to exhibit 2. You had better refer to your supplementary report to bring it up to date. Exhibit 1 in the supplementary report replaces exhibit 2 in the main report. Are there any questions on "Wheat Account"?

Mr. ARGUE: I see that the carrying charges on wheat stored in country elevators amount to \$37,487,831.32; and handling, stop-off and diversion charges are \$683,003.12. Does that work out at 4½ cents?

Mr. EARL: No. The charge is incurred for warehousing wheat in interior, terminal elevators.

Mr. ARGUE: Where is the handling charge?

Mr. EARL: 4½ cents is the country elevator handling charge.

Mr. ARGUE: Yes.

Mr. EARL: It does not appear in our statement at all. It never gets into our records because it is deducted from the initial price received by the producer at the country elevator.

Mr. ARGUE: It would not be too hard to calculate it. Can you give me a figure as to the amount of money represented by the handling charges as compared to the figure of \$37,487,831.32 represented by carrying charges?

Mr. RIDDEL: On wheat, taking the total handled as 400 million, it would be approximately \$18 million.

Mr. ARGUE: Would you say that this was the first year in your experience in the wheat board that the elevator companies have earned twice as much by storing wheat as they have by handling it, and by buying it?

Mr. RIDDEL: Yes, I would say so, Mr. Chairman. $4\frac{1}{2}$ cents per bushel for handling has remained the same over the last four of five years; but the amount paid for carrying charges has varied considerably. I should add that the carrying charge of \$37 million odd includes the interest portion as well as the storage. A large part of the interest portion would be paid by the companies to the banks and this \$37 million odd of carrying charges of the 1953-54 pool, which continued during a twenty-one month period as indicated in the report, was not for a crop year.

Mr. ARGUE: Would you explain to the committee in what way the interest charge is included in this amount?

Mr. RIDDEL: The carrying charge, for carrying the wheat in store country elevators, is based on a storage rate of $1/35$ th of a cent per bushel per day, plus interest at 4 per cent per annum on what was considered an over-all price per bushel in store country points; that is: the average price. The average Fort William price was \$1.35 per bushel, less the average freight of 12 cents per bushel, and the street spread of $4\frac{1}{2}$ cents per bushel, giving an average country price of $1.18\frac{1}{2}$ cents per bushel. The interest rate figured out at 4 per cent on that average price of $1.18\frac{1}{2}$ per bushel at country points for one day is .01299 cents; and the storage rate per bushel for one day is .02857 cents. The carrying charge rate which is the sum of the two, gives a total carrying charge rate of .04156 cents per bushel per day.

That was the rate in effect up to February 28, 1955 when the banks reduced the interest rate from 4 per cent to $3\frac{3}{4}$ per cent, and a corresponding reduction was made in the carrying charge rate.

Mr. ARGUE: In other words, the elevator company which stores a bushel of wheat for one year gets a little over ten cents for having stored that bushel of wheat for one year, and that ten cents is clear over and above the interest cost of the \$1.35 that is invested in that grain.

Mr. RIDDEL: That is right.

Mr. ARGUE: It would appear to me that these rates are very generous. The cost of financing the grain, the four cents for interest charge, is over and above that, and it gives the elevator companies ten cents or a little bit more clear money for having stored the bushel of grain. Therefore I return to the suggestion which I made a day or so ago, and I think it would be well if the trend was to reduce the storage cost, even if in order to substitute for it you had to increase the handling charge. I do not see how it adds to the effect of the elevator system of this country to have elevator companies earning such a large proportion of their money from storing grain rather than from handling grain, because once the grain is there, there is no competition in the storage. There it is, and the storage is paid on it without question; but in the handling of it we hope there will be an increase in the amount, and that might be an indirect method of bringing it down. It would be a trend in the right direction instead of in the wrong direction.

The CHAIRMAN: Are there any other questions? Can we go on to oats and take up exhibit 3 in the main report?

Mr. ARGUE: You pay the same storage rate for a bushel of oats that you pay for a bushel of wheat?

Mr. RIDDEL: Yes.

Mr. ARGUE: Does it cost a larger percentage of the selling price to handle oats than it does to handle wheat?

Mr. RIDDEL: The handling charge is $3\frac{1}{2}$ cents for oats as compared to $4\frac{1}{2}$ cents for wheat, but the storage charge is the same.

Mr. ARGUE: On the handling of oats in the period which we have before us, how much did it cost per bushel? How much did it cost for the wheat?

Mr. RIDDEL: Estimating country carrying charges from the statement, it cost roughly $2\frac{1}{2}$ cents per bushel for carrying charges on the oats as compared to the figure of 9.42 for wheat; but there was such a demand for oats during that crop year, although the prices were low, that we were able to move oats out of the country elevators almost as soon as they were delivered by the producers. You will recall that we had supplementary quotas in effect during most of the year in order to encourage the delivery of oats.

Mr. ARGUE: What is the thinking behind the agreement which provides for the same storage payment on a bushel of oats which is worth quite a lot less than a bushel of wheat, yet it has a similar handling charge? Would it not be consistent if there was a slight reduction in both?

Mr. RIDDEL: It is a matter of space. A bushel of oats takes up as much space as a bushel of wheat, and when it is light weight oats, it would take up very much more space than a bushel of wheat.

Mr. ARGUE: Does it cost more to handle a bushel of wheat than a bushel of oats? If so, why could you not put just the same number of bushels of oats as of wheat in a given bin? Does it cost any more to put a bushel of wheat through an elevator than a bushel of oats?

Mr. RIDDEL: It is related to the value factor. In the days when all oats were handled on the open market, the commission charges for oats were somewhat less than for wheat. The selling commission was one cent on wheat, and I think it was about $\frac{3}{8}$ ths of a cent on oats; there was a difference in the exchange and so on which had some bearing on the over-all handling cost.

Mr. ARGUE: It was brought about more by precedent than by existing current factors?

Mr. RIDDEL: That is right.

Mr. CHARLTON: Do the elevator companies themselves take any risk in so far as the storage is concerned? Does the wheat board own the grain? If there is any loss in the storage, does the wheat board take that loss?

Mr. RIDDEL: No, the elevator companies take the risk on the grade losses on grain purchased from producers for Board Account, until it is delivered to a terminal elevator position for account of the board.

Mr. CHARLTON: Do you know if there is much loss in so far as spoilage is concerned?

Mr. RIDDEL: The handling companies have had some spoilage loss, but it has not been too great except in flooded areas or in the springtime when water might get into a temporary bin or some condition like that. Sometimes the grain, due to its moisture content, will heat up if kept in storage too long and not turned over. Losses do arise for these reasons.

Mr. CHARLTON: And you get no extra compensation for that?

Mr. RIDDEL: No, it is a company loss.

Mr. QUELCH: I think that on the storage of oats it would be less than on the storage of wheat, because a bushel of oats would take less room than a bushel of wheat.

Mr. RIDDEL: A bushel of oats averages from 34 to 40 lbs., but by measurement it is the same as wheat.

Mr. QUELCH: If you pay for it by weight?

Mr. RIDDEL: Yes.

Mr. QUELCH: But not by measurement. Therefore it would take less room in the annex or elevator, and therefore you should get less storage charge.

Suppose you have a box which will hold 60 bushels of wheat; but by measure a box which will hold 60 bushels of wheat will hold 80 bushels of oats; therefore it seems to me that the charges should be less.

The CHAIRMAN: Are there any other questions or should we now go on to "Accounts Receivable"? I did not call that item. That disposes of exhibit 3, "Oats Account". Should we dispose of it now?

Mr. JOHNSON (*Kindersley*): On exhibit 3 you have brokerage charges of \$20,987.86; yet under table 1 the membership in the Winnipeg Grain Exchange for wheat is shown as \$20,891.45. Is there a duplication in any way, or are there different charges?

Mr. RIDDEL: On exhibit 1, Mr. Chairman, the item of \$20,891.45 represents the memberships; that is the value of the memberships which are owned by the board. It is not an expense item. On the other hand the item of brokerage and clearing association charges as shown on exhibit 3 at \$20,987.86 represents brokerage incurred in selling futures on the Winnipeg Grain Exchange.

Mr. JOHNSON (*Kindersley*): One balances out the other anyway. One is an asset, the value of your membership, but you still have to spend that amount of money because of these memberships?

Mr. RIDDEL: No. The charge for brokerage and clearing association charges are the payments made to the brokers and the Clearing House for selling futures on the Winnipeg Grain Exchange for account of the board. If we employ a broker in selling one thousand bushels of oats, or ten thousand bushels of oats, we pay the regular brokerage charge which is 25 cents per thousand bushels.

Mr. JOHNSON (*Kindersley*): Do most of your sales originate through brokers, or are they handled through brokers?

Mr. RIDDEL: No. You will find on the statement on page 19, in the last paragraph that the sales of oats amounted to 102.5 million bushels, and all of these sales 80.8 million bushels were sold in the futures market, while 21.7 million bushels were sold on a flat basis, which did not involve a sale or exchange of futures.

Mr. CHARLTON: On the surplus in operations, so far as oats were concerned, the figure is that of five and three quarter million dollars, while the loss on the wheat account was twenty six and three quarter million dollars. Is that true? I refer to exhibit 1, your debit balance for the 1953-54 pool account?

Mr. RIDDEL: As I explained at the beginning of the meeting, the statement in so far as wheat is concerned was merely an interim statement as at July 31. You will find in the report that the wheat on hand at that date was valued for the purposes of the balance sheet at what the board actually paid for it, not at its selling price, but at a price equivalent to the initial payment price, and that accounted for the loss shown.

Mr. CHARLTON: There ought to be a 30 cent differential between the initial price and the selling price?

Mr. RIDDEL: There would be more than that.

Mr. CHARLTON: Thirty cents on the amount taken over by the pool.

Mr. RIDDEL: The amount on hand by the pool at the end of the year.

Mr. CHARLTON: There is no debit at the end?

Mr. RIDDEL: No.

The CHAIRMAN: Does the item carry?

Carried.

Shall we now go to exhibit four, "barley account"? Are there any questions?

Mr. CHARLTON: Is there any reserve held back at all as far as surplus is concerned, or is that all paid out as a final payment?

Mr. RIDDEL: Yes; it is all paid out; that is the amount paid out to the producers less the P.F.A.A. levy, and other items. The surplus was \$9,982,889.42; and we added to it the interest which we estimated would be earned between the date it was released and the date of payment to the producers, and deducted from it the estimated cost of issuing the final payment cheques to the producers, and the one per cent P.F.A.A. levy. These two last-mentioned items were \$80,287, and \$99,328; so we paid out to the producers \$9,833,000.

The CHAIRMAN: Accounts receivable, \$112,688.71. I am sorry. I was going to exhibit 5 "Statement of Payments to Producers as at 31 July, 1954." Any questions?

Now, exhibit 6.

Mr. ARGUE: On exhibit 5, are you getting these outstanding cheques cleaned up pretty well? I see that the total is down to \$3½ million.

Mr. EARL: Yes. At the middle of page 32 you will notice a statement which reads as follows:

"During the period from August 1, 1954 to December 31, 1954 the Board paid \$1,199,365.45 in respect to the above liability of \$2,381,005.22." This referred to the final payments on wheat and coarse grains; and there would be a like item in respect to other payments which the board made and which are referred to in detail in exhibit 5. We made every effort to see if we could dispose of these outstanding cheques and we had a certain amount of success in doing it.

Mr. ARGUE: I suppose the time finally comes when you are pretty well at rock bottom. What is the reason for those outstanding cheques? Is it because of decease and loss?

Mr. EARL: A great many, yes; the loss of cheques, the decease of producers are both involved, people have moved, and we have a number of cheques returned to us, because we are unable to locate the producers concerned.

Mr. ARGUE: This is something which might be considered: let us suppose that a farmer sells a load of grain at an elevator and then loses his cash ticket, or even forgets that he ever had any. He loses it and forgets all about it. What happens to the value of the grain. Who winds up \$100 ahead.

Mr. JOHNSON (*Kindersley*): The Department of National Revenue will find it for him.

Mr. ARGUE: They might do that; is that a gain to the elevator, providing that no one tries to beat anybody?

Mr. EARL: It would show as an outstanding cash ticket on the line elevator company's records.

Mr. ARGUE: It would not show on the wheat board records at all?

Mr. EARL: No. Only payments made by the Board. That would be shown on the line elevator company's records.

Mr. McIVOR: What happens as far as the participation certificate is concerned?

Mr. ARGUE: That would be part of it too.

Mr. EARL: In respect to the participation certificate, the certificate is made out in duplicate. We would retain the duplicate copy so it would have no effect on the producer as far as any future payment by the board is concerned, because payments are made on the basis of the certificates which we receive. He may lose his participation certificate, but it is unlikely that the line elevator

company would also lose theirs. Therefore his record with us would be such that he would receive the payment which was due to him.

Mr. ARGUE: It would be discovered at some point that here was an outstanding cash ticket which had not been cashed.

Mr. RIDDEL: We would have no way of knowing whether the producer had lost his cash ticket or not; but if he had lost it, consequently it was not cashed, and it would remain as an outstanding cash ticket on the books of the elevator company for ever; it could not be written off because the Board of Grain Commissioners have a regulation that the liability must remain there until the cash ticket is surrendered to the company for payment. There is no means whereby the balance can be taken from the elevator company and transferred to another account, such as happens in the case of unclaimed bank balances.

Mr. QUELCH: Last spring a number of cheques payable to farmers in the Rowley district were stolen; I am not sure whether it was from the post office or not, but I believe that new cheques were issued to the farmers by the wheat board. Was any of that money ever recovered?

Mr. EARL: No. We stopped payment on those cheques at the bank, and so far except for the number which were involved in the police investigation, we have had no trace or knowledge where the balance of those cheques are.

Mr. QUELCH: There would be no loss in any event?

Mr. EARL: Not as far as we are concerned, no.

The CHAIRMAN: Does exhibit 5 carry?

Carried.

Now, exhibit 6 "Statement of Provisions for Final Payment Expenses".

Mr. ARGUE: What is the cost per cheque of issuing the payment?

Mr. EARL: Approximately, as close as I can give it, 45 cents for a wheat cheque of \$100.00 value.

Mr. ARGUE: That is the actual cost of issuing the cheque; that is not calculated on a cost-accounting basis; you do not add depreciation on the building to it?

Mr. EARL: No sir.

Mr. ARGUE: That is the minimum cash cost of issuing the cheque?

Mr. EARL: It includes the mailing, the exchange, the cost of the cheque form involved, the machines, and everything connected with the operation.

Mr. ARGUE: But not the wages?

Mr. EARL: The wages of the machine operators and payment staff to some extent, yes.

The CHAIRMAN: Are there any other questions? Does exhibit 6 carry?

Carried.

Exhibit 7 "Schedule of Administrative and General Expenses and Allocations to Operations".

Mr. ARGUE: Would it be in order to ask for a general breakdown of the main expenditures including a few of the main items included under the item of salaries?

Mr. McIVOR: You mean the salaries of individuals?

Mr. ARGUE: Yes, of the board.

Mr. McIVOR: We have no objection to giving it, but I am sure it would be very embarrassing to the board if we made those salaries public because we have to compete with grain companies for our men. I think I can say that our

salaries are in line with those being paid in the grain business. I do not think they are excessive at all. I do not think the committee has ever pressed for the salaries of the board as long as I can remember in appearing before this committee, or for the salaries of the employees of the board.

Mr. ARGUE: Has there been any change in the salaries in the last eighteen months?

Mr. McIVOR: Yes, there has. We sit down every year as a board and discuss the salary situation. We make any adjustments which are necessary; but I do not think we make any adjustments which are not necessary.

Mr. ARGUE: My question may have been misunderstood; I was really referring to the salaries paid to the gentlemen in this room, the members of the wheat board; but if you are reluctant to give us that information, I shall not press for it.

Mr. MANG: I do not know if it would do much good to go into all that because I remember back in the days of the old wheat pool when there was lots of trouble explaining Mr. McPhail's salary, when he was getting \$10 thousand a year. You get these little eddies and it doesn't mean a row of shucks to anybody, but it causes an awful lot of trouble, because so many people do not understand.

Mr. ARGUE: A few years ago the salaries of the members of the wheat board were provided for by statute rather than by order-in-council.

Mr. McIVOR: No, sir, they never were.

The CHAIRMAN: Are there any other questions?

Mr. ARGUE: Perhaps I should not even ask this question, but as a matter of fact I happen to know what the salaries are that are paid to the Canadian Wheat Board. I did not intend to say anything about it, but it seems to me that it would be correct to say that in the last five or six years the salaries have gone up by about two-thirds. I asked whether it was statutory. I have in mind what I think were the salaries a few years ago.

Mr. McIVOR: My salary has not gone up by two-thirds. I can assure you of that.

Mr. ARGUE: That is quite good enough.

Mr. STUDER: Would it be correct to say that in comparison with the volume handled in connection with the wheat board handlings, and the volume handled by other people that the wheat board officials are underpaid?

Mr. McIVOR: I would not like to say that, Mr. Studer, because I am in a very peculiar position, personally. I think I should speak about myself personally. These other men are members of the board, as I am. I have never asked for a raise in salary in my life and I am not going to start now. Presumably the government feels that the salary paid me is justified by the job I am doing. That is all I am going to say about it.

Mr. ARGUE: When you say "the government", does the government pay you your salary?

Mr. McIVOR: I meant the wheat board.

Mr. ARGUE: I think that should be made clear to the committee. The wheat producers pay all the expenses.

Mr. McIVOR: My answer in that respect was wrong. The government have approved what the wheat producers pay me, as long as the wheat board is in a surplus position.

The CHAIRMAN: Does exhibit 6 carry?

Mr. POMMER: In connection with legal fees and court costs, the board did not have much difficulty because the legal fee is only \$1,032.32. Just for my information, what was the action in that respect?

Mr. RIDDEL: The item of legal fees and court costs of \$1,032.32 represents payments made by the board to various counsel in connection with prosecutions under our regulations for such things as infractions of the quota delivery regulations, export of grain without permit, and things of that nature. There were not too many prosecutions in the last year.

Mr. TUCKER: Are these salaries known to the advisory committee?

Mr. McIVOR: I am not sure whether they are or not.

Mr. WYLIE: Mr. Argue said that he knew the salaries of the officials of the wheat board. That is something I have always wanted to know but I have never been able to find out. Where does he get it? I do not know what they get; but I would like to know where he gets his information, because I have been trying to find out. Many times I have been asked for it after some of our meetings and I said that I did not know about it. As a matter of fact, I think we have never been given the information in our agriculture committee. But now Mr. Argue says that he knows the salaries which the officials, including Mr. McIvor, are getting. I would like to know where he gets his information.

Mr. ARGUE: I think it might be just as well—I am a member of the committee but I am not on the witness stand—it might be just as well if that question were not pressed. I cannot prove that I know that the information I have is correct; but it was given to me as being correct by a man in whom I have confidence, and I assume it is correct; but I would just as soon not have the question pressed.

Mr. WYLIE: The inference was that Mr. Argue knew what the wheat board officials were getting. I have been trying to find out, but I could not.

The CHAIRMAN: I think Mr. Argue simply said that he thought he knew the salaries. He expressed an opinion and I think we will have to leave it at that.

Mr. QUELCH: Mr. Argue's figures are probably wrong because he thought there was an increase of two-thirds in Mr. McIvor's salary, and Mr. McIvor said that there had not been.

The CHAIRMAN: I am not sure when the information was given, but I think about two years ago it came out pretty direct as a result of an order-in-council increasing the salaries. I think I remember something, but I would not say that I know. I have an idea, however.

Mr. ARGUE: For fear of a wrong impression being left, I do not want anyone to take from what I said that I was meaning to suggest that the salaries were out of line, or that the wheat producers of western Canada would think so. I was not even thinking of any criticism. There is no argument which I was wishing to advance as to whether or not the salaries were in order. I was merely asking the question as to whether that information was to be made public.

The CHAIRMAN: I think we have taken up too much time on that question anyway. Are there any other questions?

Mr. DINSDALE: In connection with travelling expenses, I suppose that item includes travelling outside the country on wheat board business as well as in the country; and I am particularly interested in the expenditures for trade missions or sales missions. Has there been much of that sort of thing involved in these expenses?

Mr. RIDDEL: My expenses in connection with the far eastern mission which took place during the crop year 1953-54 were paid by the board. The expenses of the other members were paid by their own departments as far as

I know, Dr. Anderson of the Board of Grain Commissioners, and Mr. Vogel of the Department of Trade and Commerce. They were not paid by the wheat board.

Mr. DINSDALE: Would it be possible to indicate what percentage of these expenditures would be travelling expenses within Canada, and what percentage would be travelling expenses outside of Canada.

Mr. RIDDEL: Not from the information that we have here at present.

Mr. McIVOR: It could be said that the largest amount involved travelling overseas.

Mr. RIDDEL: Yes, definitely!

Mr. QUELCH: What was the administration cost per bushel in value?

The CHAIRMAN: For all grain?

Mr. QUELCH: No, for wheat alone. I believe you explained in your opening that it was away higher than that because it included carrying charges and everything else.

Mr. RIDDEL: Administrative expenses for all operations of the board during the crop year 1953-54 up to July 31 amounted to \$2,771,000; and these expenses were allocated to various operations; you will find the largest items in 1953-54 in the pool account for wheat; there was an allocation of \$1,228,000, and to that allocation there was added the expenses which took place subsequently to July 31, 1954 up to the date of the cut-off, and the full amount charged to the 1953-54 pool account was \$2,054,000 which represented .514 cents per bushel on a total handling of 399 million bushels or somewhat over one-half cent per bushel.

The CHAIRMAN: Does the item carry?

Mr. TUCKER: The wheat board operation has not cost the country any money whatsoever since 1938. Isn't that true.

Mr. RIDDEL: 1939, Mr. Tucker.

Mr. TUCKER: The entire cost of administration and everything is paid out of the sale of the grain?

Mr. RIDDEL: That is right.

Mr. QUELCH: Would a court case like the Murphy case be paid for by the government or by the wheat board?

Mr. RIDDEL: It is a government case.

Mr. McIVOR: Yes, it is a government case.

Mr. ARGUE: Is the wheat board doing anything to explain to the producers that the reason the cost per bushel for this pool period are much higher than a year ago is mainly because of the greater quantities in storage in an extended pool period, rather than something having gone wrong with the wheat board method of operation? You have hot stove leagues all over the country and there is usually one man out of fifty in there who is out to explain why the wheat board system is wrong in his opinion, and that these costs are high. I have heard all kinds of stories and they are almost always completely wrong. I think it would be an excellent idea if the wheat board used whatever facilities it had to explain to the producers that the cost of the wheat board itself is at a very low figure of one-half cent a bushel, and the reasons the general costs are higher, now that we have a wheat board, than they were back in the olden days.

Mr. RIDDEL: We have tried to explain these things in the annual report. Copies of it are sent to all the elevator agents throughout western Canada. The pools receive copies for their delegates, field representatives, and so on; copies are sent to the local committees and to anyone who requests them,

such as any producer or any farm unit, banking agent or anyone who requests a copy. We often receive many letters asking for an explanation of various items, and in each case a full explanation is given to the inquiry.

Mr. ARGUE: I have one suggestion to make. We have to be pretty nearly chartered accountants to discover what these reports really mean. Has the wheat board ever considered issuing a pamphlet in an attractive form which could be easily read, giving the main highlights of its report, and which would be of interest to the wheat producers? I think there is a precedent for that in that the Board of Grain Commissioners, instead of just sending out their full report in recent years, have sent out a pamphlet. From the point of view of the average person who is just interested in looking at something for a few minutes, he is likely to get a much clearer picture of the facts than he can get from studying the report.

Mr. RIDDEL: We can take it under consideration.

Mr. ARGUE: I think it would be an excellent idea, and as wheat marketing becomes more competitive it may be more necessary to have such things.

Mr. RIDDEL: These reports just came off the press the day before we came down here and we have not had much time to do anything like that.

Mr. CASTLEDEN: Has there been any large increase in your overseas sales staff this year?

Mr. RIDDEL: No. We have three employees in the London office, and two in the Washington office. Those are the only "Overseas" offices that we have.

Mr. CASTLEDEN: Have you anyone visiting countries such as Japan?

Mr. RIDDEL: Yes.

Mr. CASTLEDEN: You had, last year.

Mr. RIDDEL: Yes; there is a reference in the report to visits made during the year. On page 15 in the bottom paragraph on the left hand side it says:

SALES MISSIONS

In addition to the efforts of the Board's Agents (Shippers and Exporters and Mill representatives) who were most active in negotiating for the sale of Canadian wheat and flour in importing markets, members and officials of the Board were closely in touch with importing markets. During the crop year members of the Board or its representatives visited the United Kingdom, Ireland, Germany, Belgium, Switzerland, the Netherlands, Norway, Spain, Portugal, Italy, Austria and Yugoslavia.

A special grain mission to the Far East was carried out early in 1954 headed by Mr. Riddel, along with Dr. J. A. Anderson, Chief Chemist, Board of Grain Commissioners for Canada, and Mr. G. N. Vogel, Chief, Grain Division, Department of Trade and Commerce. The countries reached by this mission included Japan, Hong Kong, the Philippines, Singapore, Indonesia, Ceylon, India and Pakistan.

We have had other board members, or representatives of the board visiting Europe on two occasions during this past year. Mr. Lawrie from our London office visited all the Mediterranean countries, Italy, Greece, Austria, Albania, and Malta; and Mr. McNamara and Mr. Smith from the Vancouver office have recently returned from visiting Japan, Hong Kong and the Philippines.

Mr. WYLIE: Following Mr. Argue's suggestion of sending out a pamphlet, I am sure that most of our grain growers today, at least those in my area, are more familiar with the workings of the wheat board than I am because that is their business. They have raised the wheat and that is their business. They realize what it costs the wheat board to operate. And to send out another pamphlet to suggest or to explain the various sections or what the wheat board is doing, I think, would only give ammunition to the fellows who are in

opposition to the wheat board and enable them to say: "There you are; that is what the wheat board is doing; that is what you fellows are paying for."

I would never suggest that the wheat board sent out pamphlets to all the farmers suggesting how the wheat board operates. I am sure that the prairie farmers today know exactly what Mr. McIvor and the rest of the commissioners of the wheat board are doing for them, and I am sure that they appreciate it.

Mr. DINSDALE: Does the wheat board make any appearances at western agricultural fairs by way of information booths?

Mr. RIDDEL: Not at agricultural fairs, but we do attend the annual meetings of the various pools, and the United Grain Growers, and we give explanations of our operations, and answer any questions in connection with our operations which may be asked by the delegates at those meetings. The same is true also of the farm union meetings. We have visits from the Interprovincial union and from individual farmers unions of the three provinces at various times during the year, when we discuss any matter which they care to bring up.

Mr. MANG: Canada has trade commissioners in a great many countries of the world; I think there are around one hundred or so. Do you find that they are of assistance to you in making contacts?

Mr. RIDDEL: Yes. The Canadian government trade commissioners are a great assistance to us in various countries in keeping us advised regarding conditions with respect to crops, and regarding propositions for the sale of Canadian wheat, and whenever requested to do so they will approach the government authorities on our behalf in making contacts or arrangements which we follow up with the sale of the grain. We have had very great assistance from them during all the years in which I have been with the board, and I am sure prior to that time as well.

Mr. MANG: I am glad to hear you answer the question in that way, because it would appear that there are certain sections of the people in Canada who say that we should have a more aggressive sales force, particularly those who are not favourable to the board's system of marketing.

Mr. RIDDEL: In answer to a previous question I omitted to say that we also have had representatives of the board visit the Carriibbean and South America in 1953 and 1954.

The CHAIRMAN: Shall we carry exhibit 7?

Carried.

Perhaps we can go now to part II which is an explanation of the schedules. Shall part II carry?

Carried.

We had better carry part III which is just the auditor's letter while we are at it? Does part III carry?

Carried.

I guess that disposes of Mr. Earl and Mr. Riddel.

There is only exhibit in the supplementary report and we have dealt with that.

We will take over where we left off this morning.

Mr. ROBINSON: I would like to say I have enjoyed sitting on this committee, not as a wheat farmer, but as one coming from a part of the country which consumes a lot of coarse grains grown in the west. What I would like to ask, Mr. Chairman, through you, is have you, Mr. McIvor, ever considered encouraging elevator companies to erect more elevators down in say Western

Ontario or Eastern Ontario? I do know that in the section I represent up there, there are two elevators one at Owen Sound and another at Goderich; it is a very heavy farming section and our grain costs approximately \$5 a ton more than if we had an elevator at Kincardine. I was wondering if it would come under the board's jurisdiction to encourage the elevator companies to erect one?

The WITNESS: Our board is purely a marketing board and we are not in the elevator business itself. While we have never encouraged anybody to build elevators which might involve a financial responsibility we have never discouraged the building of elevators and if anyone wanted to build an elevator they, in the normal course of events, would be able to participate in the flow of the grain.

Mr. TUCKER: Mr. Chairman, the board I presume has very complete information as to the United States policy of disposing of grain other than on a commercial basis as referred to on page 7 of this supplementary report. It says:

In this program Canada faces increased competition from the United States which cannot be described as being on a commercial bases. In addition, the United States has continued and somewhat intensified its export subsidy policy.

I do not want to ask the board to take up the time now, but I was wondering if it would be possible for a statement to be prepared as to the actual facts covered by that general statement and what grain was actually disposed of by the United States under that policy and have that statement made available to the members of this committee sometime before we adjourn.

The WITNESS: Mr. Chairman, we can provide you with a statement of what I think is designated by the United States authorities as the allocation of dollars to the various countries for the purchase of grain. That is the information we have. I would not like to say that that would show all the dollars they have made available, but that is the only public information we have on the question. These will show that "X" number of dollars have been made available to "Y" country for the purchase of wheat, corn or other grains, but we could not give you the amount which has been shipped against the allocation because we do not know.

Mr. TUCKER: Then, there is no doubt that there must be some part of our government, in the Department of Trade and Commerce or in the Department of Finance, that is very familiar with exactly what legislation has been put through by the United States Congress and what has been done under that legislation. I believe that that information should be made available for the committee before it completes its work.

The WITNESS: We can give you the legislation and the terms of the legislation. We can give you the amount of dollars that we are aware of which have been allocated but I do not think it would be possible to obtain the further information until such time that the United States authorities published the actual statistics of what grain has been sent to these countries.

The CHAIRMAN: I think that this information should really come from the Department of Trade and Commerce if it does come. I have already asked for a statement on the question of convertability and soft currency and barter. It is quite possible before we get through that we might have somebody make a full statement on that matter from the Department of Trade and Commerce; he might also cover this point. I will try to have that included in that statement.

By Mr. Castleden:

Q. You have representatives I understand in Washington. What is their function?—A. Mr. Boxer who is in charge of our Washington office is there to be in communication daily with the American authorities to try to keep up posted on what is going on there and likewise he is instructed, if the American authorities inquire what we are doing in Canada on the same lines, that he is to supply the information. He is really a liaison man in Washington.

Q. He would have up to date information as to American shipments and as to the prices and kind of deals they are making with other countries?—A. I would imagine the information he would have would only be the information published by the United States Department of Agriculture which is made available to him. But I do not think he would have the information on the actual individual sales because that is private business between the Commodity Credit Corporation and the people involved. We have every day the American comparable prices for the different grades of wheat and different positions, and that is information which Mr. Boxer obtains and sends to us by wire every day so we know what they are asking for their wheat; likewise we advise them of our prices every day. That information is available. That information is available today in the Department of Trade and Commerce; it is no secret.

Q. Does he have anything to do with sales of Canadian wheat through channels in the United States?—A. No.

Q. Or the promotion of sales of Canadian grain in the United States?—A. Yes. The only type of grain we can send to the United States is oats, barley and feed grades of wheat because there is a quota on the milling grades of wheat. We expect him to keep us informed and obtain for us any information he can. We also use Mr. Boxer in Washington for these journeys to the Caribbean countries whenever we think it might be possible to do any business.

Q. Is he the only representative you have in Washington?—A. The only representative of the Wheat Board.

Mr. DINSDALE: Mr. Chairman, I was going to ask whether that statement you mentioned would include a comment on the two price formula?

The CHAIRMAN: I had not thought of that.

Had the minister been in the room at the time that this came up he would have immediately answered. If anybody wishes any information on that they are free to ask the minister when he is in the room. Unfortunately, he has been away but he will be present next week. A question of that nature could be directed to him directly. The other question involves finance so I thought that perhaps a statement on that might be of advantage to the committee.

Mr. DINSDALE: You do not think a formal statement on the other matter would be helpful?

The CHAIRMAN: I am not passing judgment on the matter. I am just saying that the first recourse at any rate should be to direct a question to the minister.

Mr. STUDER: The two price system would not necessarily be a Wheat Board policy; that would be a government policy.

The CHAIRMAN: We are talking about a statement which might later be given regarding certain matters, and now can we go back to wheat export. There is very little left in the report. There is wheat export and then a short paragraph on utilization of special account; then there are the oats and barley accounts. We have already dealt with the statistics of that. What is left is only the policy questions to be answered by Mr. McIvor now. Perhaps we could dispose of the matter today.

We are on wheat exports at the bottom of page 14.

The WITNESS: I think, Mr. Chairman, we covered that very adequately this morning.

The CHAIRMAN: Utilization of special accounts.

The WITNESS: Mr. Chairman, this part of the report I think is self explanatory. I would like to say we believe we have embarked on a policy which is unique and which will be of great benefit to the country, that is, bringing to this country missions from the various leading importing countries. These missions usually consist of the men who are in responsible positions in these countries. We pay their expenses to Canada and their expense while they are in Canada. Here they have an opportunity to journey through the wheat country, see how the grain is handled, how it is graded, how it is weighed; they are taken into the west and out to the farms, and in the country elevators, and they get a first hand view of the whole grain operation. For example, we had a most unusual mission to Port Churchill last fall. We had the Japanese, the Irish and the Swiss which was quite a combination to have at one time at Fort Churchill. If the rest of the world could get along as well as those three missions we might not have as much trouble in the world today. It was an extraordinarily successful mission.

We are trying to sell the idea to these countries of the value of purchasing our wheat which we think is the finest wheat in the world, to see it and how it is grown, and handled at the elevators. They are taken through the government laboratory at Winnipeg and shown the baking tests. They obtain a very complete picture of the whole Canadian grain industry. We have had very complimentary letters from these missions. I think they have been most helpful in the sale of our grain. We intend to continue that policy this summer. In fact, we expect to have quite a number of missions in this country this summer.

Another thing which we are doing is that we are in the process of having a film made which will explain in great detail the whole situation in Canada with respect to the production and marketing of grain. That film will be shown largely throughout the world with the help of the trade commissioners. The whole purpose is educational and I think it has been of great value and I think it will prove itself to be a very valuable innovation in the marketing of our grain.

The CHAIRMAN: May we carry that item?

Mr. CASTLEDEN: I am wondering whether you could give us approximately how much this costs us? I think the whole project is excellent, but I am wondering whether some people might question whether this is not part of a function of the federal government in selling Canada?

Mr. RIDDEL: Mr. Chairman, these projects are provided from the special fund set up by the order in council and you will find the statement on page 33 showing the amount of the fund with the further transfers and expenditures authorized under the provisions of section 29 (a) of the Canadian Wheat Board Act, order in council P.C. 1954/1777 of November 18, 1954 and order in council P.C. 1954/956 of June 24, 1954. The total expenditures approved up to July 31, 1954, amounted to \$135,000. These expenditures were in the course of being made at that time.

The WITNESS: That is the amount authorized. It was not all spent. It included the film and missions last year, but we have not expended that amount.

The CHAIRMAN: Shall the item carry?

Mr. JOHNSON (Kindersley): I think the idea is most commendable. At the same time this big trade fair is coming off in Toronto next week and is sponsored for the purpose of selling Canadian goods for manufacturers and is paid for by the Department of Trade and Commerce. I think perhaps they should carry out a similar function for the agricultural producers of Canada. I think the idea is good, but I think that suggestion should be offered.

The CHAIRMAN: The conclusion might be drawn from your remarks that the government is relying on the special accounts to advertise the sale of wheat. Of course as you know the Department of Trade and Commerce and all other agencies of government are spending very large sums of money for that purpose the same as they do for other purposes. This money, as it is stated here, comes from the special account. The first suggestion was this money should be spent on scholarships for students going to school and then it was decided that rather it should be given for this purpose and I think it was an excellent suggestion.

Mr. JOHNSON (*Kindersley*): I agree, but since the Department of Trade and Commerce sponsors this fair it might be as well to spend this money in scholarships and have the Department of Trade and Commerce pay for these missions coming into Canada.

The WITNESS: If I might comment on that, certainly the Department of Trade and Commerce have been most helpful to us in every respect. I feel that we as a Wheat Board, particularly in view of the competition we are up against these days, would be failing in our duty to the producers unless we made every effort to expand the sale of our grain. I think this is a medium which will be most valuable. We are planning if at all possible in the delegation which comes from the United Kingdom to bring here the young millers, that is the young men in their early twenties who within a very short time will be the important factor in the purchase of our grain in the United Kingdom. You could not offer it to the wealthy men who run the mills over there because they will come out at their own expense and they do not have the time for that kind of a trip; but these are young men who in a very short time will be mill managers and will be responsible for the purchasing of wheat. I think we are building up goodwill with those people which will pay us great dividends in the years to come.

Mr. ARGUE: There seems to be a welcome slackening in the cold war and Canada has already undertaken consideration—if the press is correct—an exchange of a parliamentary delegation. I believe the Minister of Fisheries is going to make a tour of the Soviet Union this summer. Has the Wheat Board or the Department of Trade and Commerce explored the possibility of getting back into some of those markets that are now barred to us, and is thought being given as to how, if the welcome situation arises when the world is back in the state where we can get more normal trade relations built up—as to how we can get markets in that area? I am thinking particularly of China. I think Mr. McIvor a year or so ago said he would welcome the day we might explore the possibility of building a market there.

The WITNESS: We still feel exactly that way about it and have no limitations in the sale of our grain provided we can sell it. If it comes about that these countries can open up and we can encourage trade in our grain we will be in there; that is our idea; we have of course, gone just as far as we can. We had several of our men in Austria last winter and as a result of that we are able to sell wheat to Austria. We feel very strongly there is no substitute for personal relationships in the sale of grain the same as in anything else.

The CHAIRMAN: Shall the item carry?
Carried.

"Sales Missions" was put on the record. Shall it carry?

Mr. DINSDALE: Concerning the Japanese market, in particular, Mr. McIvor, it has been growing substantially in recent years. I suppose there are continued prospects of growth in Japan and perhaps in Asian countries generally.

I am especially interested in knowing the success of your missions which have been sent to Japan and other Asiatic countries?

The WITNESS: Mr. Riddel was there and perhaps he could comment.

Mr. RIDDEL: You will note that in the case of Japan our exports of wheat for the crop year 1953-54 increased to 40 million bushels from 14.9 million bushels the previous year. Part of that increase was due to a delay in the shipments of the previous year due to the Vancouver strike, so all that does not actually represent an annual increase. We have had good sales to Japan this year, although not up to this volume largely by reason of the fact that the United States under their give-a-way programs have provided wheat and other grains to Japan.

We sold in the crop year 1953-54 quite a considerable amount of barley to Japan. We have sold them some barley this year, but not in the same quantity due to the poor quality of our barley in western Canada particularly in Alberta, and we have not had the class of barley required by Japan for use as an additive to rice or for human consumption.

Mr. DINSDALE: The United States policy is cutting into our exports to Japan?

Mr. RIDDEL: Yes.

Mr. DINSDALE: Are there any other groups doing primary work in Japan other than the wheat board or the government, that is carrying on educational work?

Mr. RIDDEL: You mean Canadian groups?

Mr. DINSDALE: Yes.

Mr. RIDDEL: There have been visits by Canadian grain exporters from time to time to Japan, those interested in selling board wheat to the Japanese importers.

Mr. DINSDALE: Who sponsored the group of Canadian bakers who toured Japan recently and demonstrated the actual technique of the bakers? Was that a wheat board project?

Mr. RIDDEL: No. I believe that the Board of Grain Commissioners have a representative in Japan at the present time at the Tokyo Trade Fair.

Mr. DINSDALE: There was a group of Canadian bakers who went to Japan under somebody's auspices.

Mr. RIDDEL: I think it was a group of Canadian businessmen under the Canadian Chamber of Commerce who went to Japan.

Mr. McIVOR: I think that one of our large milling companies sent over some bakers a few years ago to demonstrate the baking of bread, not only in Japan, but in some of the other countries in the far east.

Mr. DINSDALE: Last year some bakers went to Japan from my local area.

Mr. McIVOR: I was not aware of that; but two years ago one of the mills sent over some experts. I have not heard about last year's mission.

Mr. DINSDALE: It was likely that it went with the same idea.

Mr. McIVOR: Probably so.

Mr. MANG: Would the board care to comment on this: the British government has switched from the government form of purchase to the private grain trade system of buying and selling wheat. Have you found that it has influenced the volume of our sales in any way?

Mr. McIVOR: No, I think that in proportion to the over-all takings in each year that we are maintaining our percentage figure in the United Kingdom market.

The CHAIRMAN: Shall we carry that item?

Mr. DINSDALE: What would be the reason for the sharp drop in exports to Egypt of thirteen million bushels in 1952-53, and the next year of six million bushels? Was the thirteen million bushel year an exceptional one?

Mr. McIVOR: There were two reasons: one was the fact that they had better production in the latter year as compared with the previous one; and my recollection is that they obtained some aid.

Mr. CASTLEDEN: Is it the same with regard to Italy?

Mr. McIVOR: Italy has been up-to-date entirely due to their very large production, their home production in Italy. They have had a very favourable crop condition; but the other day we were rather disturbed to note that the Italians are also receiving 130,000 tons of wheat from the United States.

Mr. CASTLEDEN: Is it a sale or a barter?

Mr. McIVOR: I only saw the report in the press. I have not had any official report yet; but I would assume it was probably a sale against Italian currency which would be used for certain purposes in that country.

Mr. CASTLEDEN: It included other commodities as well, such as cotton.

Mr. McIVOR: Yes; wheat was only a part of it. The total item was \$50 million.

Mr. ARGUE: If we are leaving the subject of wheat now, I have one question. I am not going to delay getting this report adopted today, but I have one question on wheat.

The CHAIRMAN: All right, we will go into oats.

Mr. ARGUE: I have asked before for the pool period that these reports cover for the percentage of wheat or grain which the wheat board has called out from the various elevator companies. In the main I was thinking of the pool system; and I notice in reading the transcript of the record which I have before me—I think it is a fair interpretation to say that whether or not those figures can be disclosed was left rather up in the air. I do not wish to quote any statement, but the minister said that we are entitled to the figures if they are available up to a point, but we are not entitled to the change in policy. My question is this: can the committee have the information as to the percentage of sales which were called out from the wheat pool system during the period under review?

Mr. McIVOR: I think I answered that the other day, and I do not think that I would care to say anything more on the subject.

Mr. ARGUE: I think that kind of information should be available to the committee. I believe that information is very important to the producers. We had the information last year, and there was not too much hesitation in giving it. I am not asking for current information, that is, today's information or anything in the current crop period. But since the lifeblood of the farmers' elevator system depends on the number of box cars they get, and since the number of box cars depends on the shipping orders they get, for them that is a question that is of fundamental interest of the wheat producers.

The CHAIRMAN: I am not too sure what you mean by it, but could we leave that question until a little later, at another sitting?

Mr. QUELCH: Would it not be possible to obtain that information from the wheat pools when they are here? They should know, should they not?

Mr. JOHNSON (*Kindersley*): They do not know either.

The CHAIRMAN: At any rate, if it can be made available it will still be possible to make it available later just as well as today. I shall read your statement and we shall see. Can we go on to the oats account?

Mr. CASTLEDEN: Has your board at any time had a responsibility for the allocation of box cars at delivery points?

Mr. McIVOR: Yes. I forget what year it was, but I believe it was in 1942. We embarked on that policy and we did the best we could. I think I have never had a worse hour and a half in my life than I had at the Saskatchewan Pool Delegation meeting that year.

We could not satisfy anybody. There was always a reason why the percentage should be changed at one particular point or another. How any of us escaped from going to a mental hospital I do not know.

Mr. CASTLEDEN: Not within the past twelve years?

Mr. McIVOR: No.

Mr. CASTLEDEN: Thank you.

The CHAIRMAN: Are there any other questions on the oats account? It has been covered by the financial statement. Does it carry?

Carried.

Are there any questions on the barley account? That too has been covered by the financial statement.

Mr. CASTLEDEN: Have you got the administration costs for each bushel of barley? For wheat it was .51.

The CHAIRMAN: Possibly we could table it later.

Mr. CASTLEDEN: Agreed.

Mr. McIVOR: I think we have it right here.

Mr. CASTLEDEN: At the top of page twenty-four; .4075.

Mr. RIDDEL: Yes.

Mr. CASTLEDEN: Thank you.

The CHAIRMAN: Let us go on. That takes us to number 11 "Payment Division." That has been pretty well covered too. Are there any questions on that? Then, number 12 "Legal Department"; and number 13 "Staff and officers." And then number 14 "Advisory Committee."

Mr. ARGUE: I shall not press for an answer now, but would it be possible for the committee to be given the occupations of the persons who are on the advisory committee? I do not wish to hold up the committee for it, but I would like to have that information.

Mr. QUELCH: Along with the number of meetings which were held.

Mr. McIVOR: There was one meeting.

Mr. QUELCH: Just one?

Mr. McIVOR: Yes.

Mr. CASTLEDEN: Is it an annual event?

Mr. McIVOR: It has been, in the last several years.

The CHAIRMAN: I think that completes the report. Are there any questions on the report?

Mr. WYLIE: On the advisory committee I understand that Mr. Lew Hutchinson has passed away. Who has replaced him?

Mr. McIVOR: There has not been any appointment made as yet. Mr. Hutchinson passed away several months ago, but the matter has not been decided as yet.

Mr. CASTLEDEN: How are the advisory appointments made under the Act? Is it done by the government?

Mr. McIVOR: Yes.

Mr. ARGUE: If the other members of the committee have finished questioning the witnesses, I would like to say on behalf of my colleagues—and I am sure that in this instance I am speaking for all the members here—that we appreciate very much having the wheat board and their very competent officials with us again this year. Of all the committees I have ever had the privilege of serving upon the members of the agriculture committee dealing with the Canadian Wheat Board are perhaps more completely unanimous in their support of the principle and of the personnel involved; and I wish to say that the wheat producers, as far as I know, have full confidence in the board. We may wish to give the board some free advice every now and again, but that is the business we happen to be in. We certainly have confidence in the board and we appreciate having had the privilege as well as the pleasure of being with you people again this year and we wish you every luck in carrying on the business on behalf of the general producers.

Mr. POMMER: I would like to second the motion. Last year I complimented the chairman of the wheat board, Mr. McIvor, as being a splendid and cooperative witness. That applies also to the other members of the board. I am not going to say any more but just endorse what has been said and add these few words of my own.

The CHAIRMAN: All I can add as chairman is that the motion is properly in order.

Mr. McIVOR: May I say a word?

The CHAIRMAN: Indeed!

Mr. McIVOR: I would like very much to thank the committee once again for their very kind remarks. I am speaking on behalf of Mr. McNamara, the Assistant Chief Commissioner, who, unfortunately, owing to the pressure of wheat board business had to return to Winnipeg, and on behalf of Mr. Riddel and Mr. Robertson who are the other members of the board, and also on behalf of the officials of the board.

I feel, personally, that these meetings are very useful to the board. We come here perhaps sometimes worried about our activities during the previous year and we feel that the members of this committee have every right to question us; and we try our very best to answer those questions within our power to do so. Thank you very much, gentlemen.

The CHAIRMAN: I wish to add, as chairman, on behalf of everybody here our gratitude to the witnesses and I also want to thank all the members of the committee for their fine cooperation during the first part of our sittings. I hope it will go just as well in the next part.

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Government
Publications

HOUSE OF COMMONS

First Session—Twenty-second Parliament
1955

STANDING COMMITTEE

ON



Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

Respecting

Report of the Board of Grain Commissioners for Canada for 1954

MONDAY, MAY 30, 1955

WITNESSES:

From the Board of Grain Commissioners for Canada: Mr. D. G. McKenzie, Chief Commissioner; Mr. R. W. Milner, Commissioner and Transport Controller; Mr. S. Lopston, Commissioner; Mr. W. J. MacLeod, Secretary; Mr. J. Rayner, Director of Administration; Mr. A. F. Dollery, Chief Grain Inspector; and Mr. E. E. Baxter, Chief Statistician.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1954.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.

and

Messrs.

Anderson	Gour (<i>Russell</i>)	Murphy (<i>Westmorland</i>)
Argue	Harkness	Perron
Batten	Harrison	Pommer
Boucher (<i>Chateauguay- Huntingdon- Laprairie</i>)	Huffman	Poulin
Breton	Johnson (<i>Kindersley</i>)	Proudfoot
Bruneau	Jones	Purdy
Bryce	Kickham	Quelch
Cardiff	Kirk (<i>Antigonish- Guysborough</i>)	Roberge
Castleden	Leboe	Robinson (<i>Bruce</i>)
Charlton	Legaré	Schneider
Clark	Lusby	Stanton
Decore	MacKenzie	Stick
Demers	MacLean	Studer
Deslières	Mang	Tucker
Diefenbaker	Massé	Villeneuve
Dinsdale	Matheson	Weselak
Fontaine	McBain	White (<i>Middlesex East</i>)
Forgie	McCubbin	White (<i>Waterloo South</i>)
Gingras	Michaud	Wylie
	Montgomery	Yuill—60.

(Quorum—15)

E. W. Innes,
Clerk of the Committee.

ORDER OF REFERENCE

MONDAY, May 30, 1955

Ordered,—That the name of Mr. Bryson be substituted for that of Mr. Jones on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

MONDAY, May 30, 1955.

The Standing Committee on Agriculture and Colonization met at 10.30 o'clock a.m. this day. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Argue, Bryce, Castleden, Charlton, Gour (Russell), Huffman, Johnson (Kindersley), Jutras, Mang, Murphy (Westmorland), Pommer, Purdy, Quelch, Robinson (Bruce), Stick, Studer, Tucker, Villeneuve, Weselak, Wylie, and Yuill.

In attendance: From the Board of Grain Commissioners for Canada: Mr. D. G. McKenzie, Chief Commissioner; Mr. R. W. Milner, Commissioner and Transport Controller; Mr. S. Lopston, Commissioner; Mr. W. J. MacLeod, Secretary; Mr. J. Rayner, Director of Administration; Mr. A. F. Dollery, Chief Grain Inspector; and Mr. E. E. Baxter, Chief Statistician.

The Chairman announced that the Subcommittee on Agenda and Procedure would consist of the following: Messrs. Anderson, Argue, Dinsdale, Mang, Pommer, Roberge, Quelch, and Jutras.

The Committee proceeded to the consideration of the Report of the Board of Grain Commissioners for the year 1954, the officials of the Board answering questions thereon.

Sections of the Board's Report relating to: *General Comment, Licensing and Bonding—(Appendix D), Assistant Commissioners, Prosecutions, Shortages and Overages—Country Elevators*, were considered and adopted.

At 12.45 o'clock p.m., the Committee adjourned to the call of the Chair.

EVENING SITTING

The Committee resumed at 9.00 o'clock p.m. The Chairman, Mr. Rene N. Jutras, presiding.

Members present: Messrs. Argue, Batten, Bryce, Bryson, Castleden, Charlton, Dinsdale, Harrison, Johnson (Kindersley), Jutras, Kickham, Kirk (Antigonish-Guysborough), Lusby, MacLean, Mang, Michaud, Murphy (Westmorland), Pommer, Purdy, Quelch, Robinson (Bruce), Stick, Studer, Tucker, Villeneuve, Weselak, Wylie, and Yuill.

In attendance: Same as at morning sitting.

The Committee resumed consideration of the Report of the Board of Grain Commissioners for Canada for the year 1954, the officials of the Board answering questions thereon.

The Sections concerning *Car Order Book, Regulations of the Board*, were discussed and adopted.

At 10.30 o'clock p.m. the Committee adjourned until 10.30 o'clock a.m. Tuesday, May 31.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

MONDAY, May 30, 1955.
10.30 A.M.

The CHAIRMAN: Order. We will proceed this morning with Report of the Board of Grain Commissioners. I presume you all have a copy of the annual report; if not, there are extra copies available.

Before we go on, I would like to read the names of the steering committee which I have not yet placed on the record. The steering committee is very much the same as it was last year, consisting of Messrs. Anderson, Argue, Dinsdale, Mang, Pommer, Roberge, Quelch, and myself as chairman.

Now, we will proceed very much as usual. I will ask the chairman of the Board of Grain Commissioners, Mr. McKenzie, to introduce the members of the commission here this morning. Then we will proceed directly with the opening statement on page 9 of the report.

Mr. McKenzie.

Mr. D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners for Canada, called:

The WITNESS: Mr. Chairman and members of the agricultural committee, may I at once say that my colleagues and the senior members of our staff join with me in expressing an appreciation of the opportunity presented to us here of giving you the fullest possible information on the administration of the Canada Grain Act.

Now, without any further introductory remarks I will introduce to you the members of the staff present. Of course, you all know Mr. Roy Milner. Then this modest gentleman at the back is Mr. S. Lopston who just came to the board recently. Then there is Mr. J. Rayner of our organization in charge of the administrative work of the board; sitting next to him is Mr. W. J. MacLeod who is now secretary to the board. A year ago Mr. Hlynka was secretary but he resigned and is now in New York engaged in scientific research work there. Behind me this other little modest chap is Earl Baxter our chief statistician; on this side is Mr. A. F. Dollery, our chief grain inspector.

The CHAIRMAN: We will go right ahead now with page 9 which is the first page.

The WITNESS: This is the first page of our report to the minister, dated Winnipeg, January 21, 1955, addressed to the Right Hon. C. D. Howe, M.P., Minister of Trade and Commerce, Ottawa, Canada.

Sir,—We beg to submit herewith annual report of the Board of Grain Commissioners for Canada for the year 1954 in compliance with section 23 of the Canada Grain Act.

This report records information and statistics relating to grain handlings for the crop year August 1, 1953 to July 31, 1954, expenditures and revenue for the fiscal year April 1, 1953 to March 31, 1954, and summarizes the major activities of the board and its branches for the 1954 calendar year.

Summaries are given in the first and main portion of this report, and additional information submitted by various branches and supported by tables of data is presented in Appendices A to M which follow the main section.

GENERAL

The 1953-54 crop year began with a carryover of 645 million bushels of wheat, oats, barley, rye and flax at August 1, 1953. To this was added a harvest estimated by the Dominion Bureau of Statistics at 1,322 million bushels, making a total available supply of 1,967 million bushels of the five principal grains for disposition. Comparable figures for the previous crop year show a carryover of 416 and a record production of 1,483 to make a total supply of 1,899 million bushels.

Commercial disappearance of Canadian grain during 1953-54 amounted to 1,084 million bushels or 57 per cent of supply. Of this 438 million were exported and the remaining 646 million bushels were used for domestic needs including feed, seed and human consumption. These figures show a decline of 145 million bushels (25 per cent) in export from the previous record year, and 25 million (3.7 per cent) decline in domestic use. Resulting carryover at August 1, 1954 of the five principal grains on farms, in elevators and in transit was a record 883 million bushels going into the 1954-55 crop year. Wheat stocks alone totalled 590 million bushels.

Late seeding, a severe rust epidemic and inclement harvesting weather in the west made the 1954 harvest at 814 million bushels one of the lowest in several years. The record carryover referred to above together with this harvest makes a total supply of 1,697 million bushels of the five grains.

The sustained high volume of production and handling demanded a corresponding volume of work and services from the board's officers and staffs to facilitate the movement of grain. Filled storage facilities created some problems but on the whole there was very little spoilage of grain resulting from this congestion.

The comparative table given below shows production, movement and disappearance of the five principal grains. For more detailed background information on production, disposition and carryover, data are given in the report of the statistics branch, appendix H.

	1952-53	1953-54	1954
	million bushels		
Carryover into crop year.....	415.6	654.4	883.5
Production.....	1,483.2	1,321.7	813.6
Supply.....	1,898.8	1,967.1	1,697.1
Producers' Marketings.....	850.5	616.4	
Total disappearance.....	1,253.4	1,083.6	
Export.....	582.8	437.9	
Domestic Use.....	670.6	645.7	

Are there any comments on this first general section? May I suggest we keep our discussion on this in a general way because we will refer to the various tables, schedules, and appendices later; but if there is any question of a general character now this would be the place for it.

By Mr. Robinson (Bruce):

Q. In that second last paragraph it mentions: "Filled storage facilities created some problems..." What would be meant by that?—A. When you have limited storage facilities in which you can store grain, obviously then you are facing difficult problems in respect to transportation of grain, deliveries from farmers and so on and it widens out into a whole series of problems. You have no place in which you can put grain.

Q. I might take it that that refers more to storage elevators at terminals?
—A. Yes, and to county elevators just as well.

Q. Has any thought been given to the construction of more elevators down in central Canada?—A. I cannot say whether there is or not. That is not part of our responsibility.

Q. Still it is a problem?—A. Yes, I admit that. If we had adequate storage facilities many of our other problems would disappear.

By Mr. Castleden:

Q. I see that farm marketings are down? What is the percentage? What is the reduction in producer's marketings? I see it is 850·5 million bushels in 1952-53 and 616·4 million bushels in 1953-54.

Mr. BAXTER: Yes.

Mr. CASTLEDEN: About 25 per cent?

Mr. BAXTER: Yes.

Mr. CASTLEDEN: 200 million bushels less marketed.

Mr. ARGUE: I see that there is very little spoilage of grain. Could you give us the figures as to the amount of grain spoiled.

The CHAIRMAN: I am afraid that is one of the specific questions that will come up later in the tables.

Mr. MILNER: Our board would not have that specific information because the spoilage would occur in country elevators in temporary storage bins and while we have heard of it we have not an accounting of the amount which occurred.

Mr. ARGUE: Do you have an accounting of the amount of spoiled grain which was moved?

Mr. MILNER: We could get that for you, if it would be of any interest, the amount of heated grain which was inspected.

Mr. ARGUE: I would like to get that information for this reason; I would like to get some idea if possible to what extent the building of annexes and so forth and the congestion itself has added to the amount of spoilage. I know from just driving around the country that it is not too infrequent to see all of the grain from an annex hauled out and piled beside the annex because there is a spoilage and a leakage and so on. The information I want is just for the purpose of taking a look at that problem.

Mr. MILNER: We will get it from our inspection department.

The CHAIRMAN: On page 12 you have a table which does give the amount of orders that were given to move grain out of annexes and elevators and annexes in danger of collapse and flooding and so on.

The WITNESS: On page 12.

The CHAIRMAN: Again this is something which will come up when we get to the section. I would suggest we go on. The "General" is really what is contained in the rest of the report. We had better get on to the remaining sections.

Mr. QUELCH: In view of the fact that this matter is going to be looked up, could we also have information respecting the percentage of moisture in the grain at the time it is bought.

Mr. MILNER: That is not possible.

Mr. QUELCH: There would be a record in the elevator of the percentage of moisture in this grain.

Mr. MILNER: We have no such record in our board.

Mr. CASTLEDEN: Is it not true, in a general way speaking of the 1953-54 crop as compared to the 1952-53 crop, that through the years the quality of Canadian grain has shown a decline or are we holding our standards in a general way on wheat?

The CHAIRMAN: Again I must point out that there is a special paragraph on that in the report.

Mr. ARGUE: Mr. Chairman, I think we should get a ruling on this. What we have before us I take it at the moment is the report of the Board of Grain Commissioners to the minister. It is all the report of course; but there are tables of details in here and if we are not allowed to ask questions on the item before us we might as well go on to the point where we are allowed to ask questions.

The CHAIRMAN: I am sorry. I do not want to leave the wrong impression. I was not disallowing any discussion at all. It was just a question of procedure as to whether we should refer to specific paragraphs which will be coming up later. If we do, we will be doubling the discussion uselessly.

Mr. QUELCH: Mr. Chairman, I thought if we might place our questions on the record at this time with respect to certain matters which we want to have brought up, it would give the officials a better chance to have the information available. I am especially interested in heating. In the kind of years we have had, every time harvest starts your officials get on the air and warn the farmers not to combine their grain until it is dry. But with conditions being as they are in the west, you have to combine the grain when it is tough. I have combined time and time again grain which had sixteen per cent moisture in it without causing harm, just so long as the grain was clean. But if the farmers have to hold back, they will have to combine it when it is damp instead of tough. It would be interesting to know what percentage of moisture would cause the grain to heat. Was the heating caused by dust or moisture?

The WITNESS: There might be several contributing factors as to its heating; the nature and quantity of foreign material in the grain would be one factor which would tend to create heating in it. I could not say, scientifically, what percentage of moisture grain will hold before it starts to heat. Again, you have several conditions; you may have grain put into a bin dry, but there may be a leak in the roof or something like that.

Our purpose in issuing warnings is this: if it became general practice to combine grain, or harvest it with a binder or combine when we know that it carries excessive moisture, it will add enormously to the problem of safeguarding that grain when it comes into storage. Therefore we warn the farmers.

You are quite right. I know when a man gets up against the harvest, particularly in a year when the weather is threatening and the season is getting advanced, the temptation is to go out and combine. I cannot be too critical of the farmer who decides to do that; but having in mind the responsibility which our board carries, we try to tell the farmer the chances he is taking; and if we cannot get all the grain combined, as was the case last year, and when excessive moisture cannot be drawn off, the farmer may have grain heating on his premises. That is our purpose in sending out the warnings.

Mr. JOHNSON (*Kindersley*): With respect to storage facilities, I would like to have information as to the percentage of storage that has been available over the years, realizing that all the available storage in the country elevators cannot be utilized because of working space. Does the board have any figures on the minimum and maximum percentage of available storage which existed throughout the years, as well as the averages?

Mr. MILNER: We will get our statistician to work on that.

Mr. ARGUE: I wonder if you would mind adding to these statistics which Mr. Johnson has asked for, the capacity of each elevator company, for once or twice during the period?

The WITNESS: I do not want the discussion to be cut off, but it might help our discussion to say that our officials have their files all arranged so that they can correlate them to each of these paragraphs as they are called. It makes it difficult if they start digging into them out of that order.

The CHAIRMAN: The idea is that the members ask their questions at this time in order to give advance notice to the officials, so that when we get to a given paragraph they will have the information ready.

Mr. ARGUE: I would like to have two or three given dates spaced within the crop year, showing the capacity of each elevator company in each province, and showing the percentage of available space at the time, or the quantity of available space at the time, according to companies.

Mr. CASTLEDEN: Did the chairman say there was a paragraph in here which would show the quality of the grain in 1953-54?

The CHAIRMAN: No. I said there was a paragraph which might give you an idea, because it is the paragraph which deals with the special permission to move grain out. They made cars available for special cases to clean the elevator. For this reason it might give you an idea.

Mr. CASTLEDEN: We have figures here on car lot inspections, but there is nothing to show the grades of the various grains or wheat this year, or the percentage, whether it was one, two, three, four, and so on, or how the quality of the wheat produced in 1953-54 compared with the quality produced in previous years, so that we might have a picture of the general trend of the quality of Canadian wheat, which is the thing which sells it.

Mr. MILLER: A very large run of wheat which comes out in any single year is wheat which was grown the previous year. We will give you the figures, but I do not think they will be what you want. I think you will be confused by the figures, because I do not think they will mean what you want.

Mr. CASTLEDEN: They might show the trend.

Mr. MILNER: A very large run of wheat which comes out in any single standards. Those standards have been maintained. Perhaps you might ask Mr. Dollery that question later on when we come to the inspection department. This year we have an export standard on No. 4 wheat which is 58½ lbs. to the bushel. The terminals are finding great difficulty in making wheat up to the standard on account of the low-weight No. 4 wheat, which weighs 57 lbs. So we have had to ask the Wheat Board to put in special orders to get some heavy No. 4 wheat into the terminals in order to bring it up to 58½ lbs. to the bushel. You are correct in saying that this has been a difficult year for maintaining export standards, nevertheless they have been maintained in our export shipments.

The CHAIRMAN: If you would look at page 35 you might find what you want there.

Mr. CASTLEDEN: No, there is no percentage there as between the years.

The CHAIRMAN: If you are interested in having the percentages for the two years, it will be easy to compute it from last year's figures.

Mr. CASTLEDEN: I would like to compare that with something like 8 or 10 years ago to find out the trend of Canadian wheat, and whether standards are being maintained.

Mr. MILNER: That would not give you what you want because weather conditions control what the grading of the grain is going to be.

Mr. CASTLEDEN: That is understandable.

Mr. MILNER: If we got you the inspections of the grades for 20 years, it would not show whether the standards were maintained, but I assure you that the inspection department does it for you.

Mr. CASTLEDEN: Are we producing as much number 1 hard wheat as we produced years ago?

Mr. MILNER: If you will give us a sunny, bright year without too much rain, we will produce all kinds of No. 1 northern wheat.

Mr. CASTLEDEN: Do you think the wheat we are producing now, with weather conditions of the same type as those of years ago, is of just as good quality No. 1 hard wheat as in the days when the farmers stooked it instead of combining it?

Mr. MILNER: I think that when we stooked the wheat it looked a lot better, but some of the younger people would not think so.

Mr. ARGUE: We would be three years behind our work if we did it that way now.

The CHAIRMAN: Are you still interested in getting this computed, Mr. Castleden?

Mr. CASTLEDEN: Yes. We can deal with it when the inspection department comes up.

Mr. ARGUE: Does the board issue any regulations governing the moisture content of grain which is stored in temporary storage, such as annexes, and so on?

Mr. MILNER: No. We do not issue any regulations. We leave it to the good judgment of the people storing it, because it is their responsibility for any loss which is suffered.

Mr. ARGUE: Does the board know of any cases whatever of elevator companies having stored tough grain in annexes?

The WITNESS: I would not say there were none, but I do not recall any.

Mr. MILNER: Oh yes; there have been elevator companies which have stored tough grain in annexes.

Mr. QUELCH: Not damp grain!

Mr. MILNER: No, tough.

Mr. ARGUE: To what extent have annexes had tough grain stored in them?

Mr. MILNER: We would have no record of that.

Mr. QUELCH: To what extent is the moisture content reduced in tough grain which is stored for a year or two?

Mr. MILNER: My experience is that it is not reduced, speaking as a practical grain man.

Mr. QUELCH: You say that it is not?

Mr. MILNER: No, not unless it is disturbed.

Mr. QUELCH: Supposing you mixed No. 1 damp with No. 1 dry, would that affect the grade of the No. 1 mixture?

Mr. MILNER: You say supposing you mix No. 1 damp with No. 1 dry.

Mr. QUELCH: Yes. Would that affect the grade?

Mr. MILNER: I do not know what you mean.

Mr. QUELCH: Does the process of drying out lower the grade?

Mr. MILNER: No.

Mr. QUELCH: Not at all?

Mr. MILNER: No.

Mr. QUELCH: Well, an elevator man told me that you could not mix damp No. 1 with dry No. 1 without affecting the grade at all.

Mr. MILNER: You would have a higher moisture content in it, but you would have that grain as tough.

Mr. QUELCH: I did not mean so much tough as damp. Would it not lower it from 1 to 2?

Mr. MILNER: Dr. Anderson might hold a different view, but he could not be here, because he has other very important work to do.

Mr. ARGUE: Do the reports which you get from the elevator companies show where the grain is located? I am thinking of this: supposing there are 20 thousand bushels of damp and tough No. 2 wheat in an annex. Is that shown on the report of the country elevator to the Board of Grain Commissioners?

The WITNESS: No.

Mr. ARGUE: Would you please tell the committee, briefly what such a report does show?

The WITNESS: You mean the reports that we get?

Mr. ARGUE: Whatever report you get.

Mr. MILNER: Perhaps Mr. Baxter might answer your question.

Mr. E. E. BAXTER (*Chief Statistician, Board of Grain Commissioners*): There are two sets of reports from the country elevators. The weekly report submitted by the company shows the stock position by provinces, by grain, of the United Grain Growers and so on, their stocks distributed according to province, but the actual location by points, or the type of storage is not indicated in the report. The second report from the country elevator companies is their annual report and it shows the stock and handlings over the crop year period at individual points. But that too does not distinguish between the types of storage in which the grain is located.

Mr. ARGUE: Do you get daily reports from each country elevator?

Mr. BAXTER: No.

The CHAIRMAN: Are there any other questions?

Mr. ARGUE: What record do you have of the stocks in an elevator at a given point?

Mr. BAXTER: We have no record throughout the year, but we have the annual record of the stocks at a given point at the close of the crop year.

Mr. ARGUE: You have no record of these things weekly, or monthly, at a given point?

Mr. BAXTER: At a given point, no sir.

The CHAIRMAN: Are there any other questions? If not, let us go on to "Licensing and Bonding" on page 10.

The WITNESS:

Licensing and Bonding

At the end of the 1953-54 crop year, 5,530 licences to operate under the Canada Grain Act were in force representing a total storage capacity of 574 million bushels in country, terminal, mill and eastern elevators. This represents an increase of 17 licences and 23 million bushels capacity over the previous year.

Country elevator capacity at 327 million bushels showed an increase of 15 million bushels; in addition supplementary storage annexes to country elevators having a capacity of 4.8 million bushels were authorized, an increase of

1.5 million over last year. Terminal and mill elevator capacity at 154 million showed a 3 million bushel increase, and eastern elevator capacity was up by 4 million bushels to 89 million.

The Board has continued to collect from licensees the one per cent levy under the Prairie Farm Assistance Act, and collections of eight million dollars were made and remitted during the 1953-54 crop year. Further details on licences and bonds and collections under the P.F.A.A. are given in appendix D to this report.

The CHAIRMAN: Might I suggest that we take up the appendices as we go along, because that is where the details are to be found in connection with a particular paragraph.

Mr. TUCKER: Are there any details on the various companies which are responsible for the increase of 23 million bushels of capacity.

Mr. MILNER: We have not got that on record right now, but we can get the details.

Mr. TUCKER: I would like to see a list of the companies which have increased their capacity, and to what extent.

Mr. BRYCE: Would these be new elevators or annexes?

Mr. MILNER: They are stated in the report.

Mr. ARGUE: What do you mean by "supplementary storage"? In order to build a supplementary storage annex a company must be authorized. What is the process of getting that authorization?

Mr. MILNER: Companies make application. It might be for off-site storage, or it might be a coal shed which is on an elevator track; and they ask us to license that storage place for them because they cannot collect carrying charges from the wheat board unless the grain is stored in a building which is licensed by our Board of Grain Commissioners. We make an inspection of the building to see if it is suitable for the storage of grain.

Mr. ARGUE: You say you make an inspection of the building to see if it is suitable for the storage of grain. You pass on it, or reject it as the case may be. But after the grain is placed, let us say, in a coal shed, there is no attempt made by the board to see what happens to the grain after it goes in there, or to see if it was successful. I suggest that is only going part of the way. If you are going to authorize or reject, whichever the case may be, certain temporary storage, I suggest that some check should be made to see what happens to the grain in that temporary storage.

Mr. MANG: Is such a check not made by the elevator agent who is handling that grain?

The WITNESS: They carry the risk, and naturally they check it. Perhaps I should add that if they indicate to us that there might be an infestation, or if it was showing very hot, we would probably get our assistant commissioner to go down and check it, because following that there will be a request for out-of-turn cars.

Mr. ARGUE: You say that the elevator companies carry the risk. But in the final analysis the producers must pay for any spoiled grain in the country because the elevator companies are in business to make a return on their investment over and above any spoilage which might take place. I am not lodging any complaint at all. We all know the problem. It may be better to use a coal shed than not to use a coal shed. As I drive around the country I see spoilage in these temporary annexes. I would not call them coal sheds because I have never happened to see any spoilage in a coal shed. But that suggests to me the possibility that there may be a great loss from spoilage in some of these

temporary annexes. I think it is perfectly logical, when you get twenty, thirty, or thirty-five thousand bushels of grain in one bin, that the danger of spoilage is increased.

Mr. MILNER: When we return home we shall circularize the trade on the matter and we shall send you a copy of the report.

Mr. ARGUE: I would appreciate that.

The CHAIRMAN: We have most of the trade right here in this room. I am sure that when they appear later on they will be very pleased to deal with that question.

Mr. JOHNSON (*Kindersley*): Has there been a continuous increase in the storage capacity provided? Or are we at the same level now in terms of storage as we were at some time in the past?

The WITNESS: Our total storage capacity is up. It won't be up as much as it is here because there may be the odd elevator burned down or wrecked; but the trend is there.

Mr. JOHNSON (*Kindersley*): It is the highest storage capacity we have had for some time.

Mr. MILNER: It has been increased by fifteen million bushels per annum in the last five years.

The WITNESS: The trend is definitely up.

Mr. ROBINSON (*Bruce*): In paragraph 1, you mention a total storage capacity of 574 million bushels in country, terminal, mill and eastern elevators. Is there any way we can find out the percentage totals of eastern elevators, not just now, but probably later on.

Mr. TUCKER: Paragraph 2. Eighty-nine million bushels storage capacity in eastern elevators.

Mr. ROBINSON (*Bruce*): Can we have an idea where these large capacities for eastern elevators are located?

Mr. MILNER: Yes sir, we can give the situation.

Mr. BRYCE: Everybody who goes to an elevator in the prairie provinces to sell grain pays this one per cent per bushel. Is there no arrangement made for the man who does not participate in the P.F.A.A. to excuse him from paying it? I have land in my constituency where people are growing grain and hauling it to the elevator; they pay this one per cent but do not come under the P.F.A.A. I do not think they should be asked to make this contribution.

The WITNESS: That is outside our field of jurisdiction. We must collect from all the grain delivered to country elevators. The administration of the P.F.A.A. comes under the Department of Agriculture.

The CHAIRMAN: Are there any other questions?

By Mr. Argue:

Q. In a period of congestion what has been your experience as to the percentage of country elevator capacity that is used? We all know that even during the period of maximum congestion you are not going to get elevators 100 per cent full. What percentage of the total storage space needs to be filled before you would call it congested?—A. You have got to allow a little working space. I suppose if you are using 80 per cent of the available capacity it is pretty close to congestion point.

Q. And in your experience as chairman of the board, in looking over the percentage of capacity which is being used by the various elevator companies, generally speaking would you say that it is correct or incorrect that the farmer-owned elevator systems usually have the greatest percentage of

available space in use during a congested period?—A. Any opinion I would express on that would have no value unless I looked it up in detail.

Mr. MILNER: I would say, yes.

Mr. STUDER: Would it not be left to the discretion of the agent as to the amount of working space which was required?

Mr. MILNER: If he had space, and grain was offered for storage he must take it in.

Mr. STUDER: In some cases there would be no working space, or very little working space. How would that 80 per cent apply? Is that the general rule? Is that what they generally make allowance for, or would the elevator be filled right up to the top? Why would there be any such position as to working space?

Mr. MILNER: On account, say, of having 500 bushels of a certain grade in a 1,000 bushel bin.

The WITNESS: Or different kinds of grain.

Mr. MILNER: Where you have a variety of grades you are bound to have some way space in an elevator.

Mr. STUDER: Then the agent would be informed by your department what his situation was, and govern himself accordingly.

Mr. ARGUE: Mr. Milner made a statement that the farmer-owned elevator systems as a general rule have a greater percentage of their available space in use during periods of congestion... I do not suppose there is anybody in Canada who is in a better position to know than Mr. Milner. Can you give the committee some idea of what is the general picture during a period of congestion in relation to that point?

Mr. MILNER: When I said that, I said it in a very general way, Mr. Argue. I think it is recognized, from handling statements and from general knowledge, that pool elevators at a great many points enjoy a greater handling than their competitors and inasmuch as you have a congested condition I cannot see how it could be otherwise, and that is the reason why I answered the question in the way I did. Evidently there must be greater pressure on their elevators than others—it doesn't matter whether it is a pool or what it is; any company that has a large handling at a point must of necessity have more grain pressing to get into its elevators and a better opportunity to utilize all its available space than a company which has not done a great deal of business.

Mr. ARGUE: I respect your general observations made on the basis of the knowledge which I know you have of the matter, but do you not have more information than that from your deductions from certain hypotheses, namely the weekly reports which we were told were produced by the elevator companies showing, I take it, the amount of grain they have on hand week by week? You know the capacity of each of the elevator companies. That is a matter of public record, and it changes very little, so you would know from week to week the percentage of capacity that is used in each elevator system in Canada.

Mr. MILNER: I would know if I took the figures off, but I have never taken them off, Mr. Argue.

Mr. ARGUE: But you look at them in the ordinary course of your work?

Mr. MILNER: Yes, but I have never taken them off.

Mr. ARGUE: You have "never taken them off". What do you mean by that—you have glanced at the figures but you have never really studied them?

Mr. MILNER: That is what I mean.

Mr. ARGUE: Would it be fair to say that if the pool elevators are filled to 80 per cent of capacity most of the others are under 70 per cent?

Mr. MILNER: No.

Mr. ARGUE: That is not correct? Well, would they be under 75 per cent full?

Mr. MILNER: If I had to guess, it would be about that figure—about 75 per cent.

By Mr. Quelch:

Q. Going back to Mr. Milner's statement that an elevator would have to take grain into storage if it had room, I suppose it would also be true to say that an elevator would have to take grain where agreement was reached. I think we all know that when elevators become congested and a certain elevator receives a car it phones up its special patrons or makes a trip in the evening to tell certain farmers that it has room. These farmers start to haul the next morning. Another farmer may see the trucks pass the elevator and be told on his making inquiries, that there was no room. If that farmer took his grain to the elevator would they have to take it?—A. They would have to take it in if they had space for that type of grain.

Q. In that case, if there were a couple of trucks behind him and they were taken he could bring an action against the elevator company?—A. Yes. It is a difficult problem, the one which you have raised and I know what you are getting at. But under a strict interpretation of the Act if a farmer has hauled his grain to the elevator and there is room in the elevator for that type of grain the elevator company must in our opinion take that grain.

Once in a while a case occurs, in congested conditions, where a man brings his grain to the elevator and says to the agent "I have got one more load to put in for my quota if I may go right back for it now" and if the agent consents to this request a difficult situation may arise should another man bring in grain before he gets back.

Q. I think it is chiefly the small farmers as a rule who experience most difficulty. The elevators look after the large farmers and try to hold their trade.

Mr. JOHNSON (Kindersley): I would suggest that the estimate of 20 per cent which has been given with regard to space not in use is a little too high. If that were indeed the average figure it would mean an unused storage space of 7,000 bushels for a 35,000 bushel house. In most of the areas I am familiar with the type of grain grown does not vary a great deal. I know that a lot of the houses in my area are filled absolutely to the top; in other houses, therefore, if the figure of 20 per cent is correct, there must be a tremendous amount of unused space in order to make up that average.

Mr. MILNER: There are a lot of cases where space is not filled due to matters of delivery quotas and one thing and another. If you take the elevator system in western Canada as a whole the picture you would get might not be the same as you would have in respect to any particular area with respect to the ability of elevators to utilize their maximum storage space.

The CHAIRMAN: Are there any other questions?

Mr. ARGUE: Suppose a farmer drives up to an elevator company with a load of wheat which the farmer says is grade 2 northern but which the elevator man says is grade 3 northern. And let us suppose the elevator has any amount of room for grade 3 northern but none for grade 2. What right has the farmer under the Canada Grain Act? You said the elevator company would have to

take the grain if space was available. But suppose there is a dispute at that point? Who is to decide who is right and who is wrong?

Mr. MILNER: We are getting back to a question which has been pretty thoroughly discussed.

Mr. ARGUE: We should get it straightened out some year.

Mr. MILNER: I don't think this is the year for it!

Mr. ARGUE: In practice the farmer has very little right. You can prove it one way as easily as the other. The farmer has very little right, even though the grain actually is no. 2 northern as he claims.

Mr. MILNER: Will you set the case out again to me quite clearly?

Mr. ARGUE: Supposing there is a man, we will call him "X", who has room in an annex for 20,000 bushels of No. 2 grain. And this farmer drives in to the elevator with 100 bushels of what he claims is No. 2 grain, the best in the world. However, the elevator operator says "this is a poor No. 2 but it is a good 3. Anyway it is grade 3. I have no room for a load of grade 3." What right has the farmer in an instance like that?

Mr. MILNER: None. You tell me there is no room in the elevator to keep the identity of the grain preserved until the grade is determined?

Mr. ARGUE: Let us assume that there is no room.

Mr. MILNER: Then I do not see how he can get the grain into the elevator.

Mr. ARGUE: The difficulty in that kind of interpretation is this: as you see, the elevator agent has no record attached to his statement of grade. All the elevator agent has to do when he is in doubt is to say to the farmer "I cannot take your grain; I am in doubt" and the farmer has to accept that view, even if the elevator agent is wrong.

Mr. MILNER: Are you referring to purchase or to storage?

Mr. ARGUE: To either.

Mr. MILNER: With regard to cash purchase there is nothing in our Act, or in Canadian law as far as I know, which requires anybody to buy anything from anybody else.

Mr. ARGUE: In other words if the elevator company were to say "I don't like the look of it" they need not buy anything.

Mr. MILNER: He is making a purchase...

Mr. ARGUE: When the farmer comes in with the load.

Mr. QUELCH: Of a specified grade.

Mr. MILNER: It would be a silly and stupid thing in my opinion if any elevator agent or any company were to adopt any such position. If an agreement were arrived at with respect to grade and dockage they don't need to buy, which would be perfectly clear, but I am telling you what our opinion is with respect of that matter—that there is nothing which forces any person to buy grain. There is one exception to that—the agreement which the elevator companies enter into with the Wheat Board under which the companies agree to purchase grain from the producers. I am not so sure the elevator companies would not be liable under that agreement for any non-fulfillment of the contract, but I am talking now about the purchase of grain at country elevators. There is no Act in Canada which requires any person to buy anything from anybody else.

Mr. ARGUE: Does the Act require an elevator company finally to buy grain if it is stored?

Mr. MILNER: If it is stored, I would think so. Actually, Mr. Rayner reminds me that our opinion on that was "no". I asked the same question that you asked.

Mr. ARGUE: Your opinion on what?

Mr. MILNER: That a man could be forced to buy the grain. We reached the opinion "no" on that.

Mr. ARGUE: From whom?

Mr. MILNER: Legal sources.

Mr. ARGUE: There are all kinds of those.

Mr. MILNER: This was recognized.

Mr. ARGUE: Your regular legal advisors in Winnipeg?

Mr. MILNER: That is right. I asked the same question as you did: If a man had grain that was in the elevator would the company then be obliged to buy the grain. The answer was "no". There is no law in this country which requires anybody at any time to buy anything from anybody else.

The CHAIRMAN: The specific question that Mr. Argue asked a moment ago hinges on the right of the farmer with a respect to his grain which Mr. Argue assumed to be grade 2. The right the farmer has, is to have a sample taken off for its grade to be determined. And then the elevator has to take it.

Mr. ARGUE: Is that right?

Mr. MILNER: No.

The CHAIRMAN: We established from the start that there was room for grade 2. The farmer sends a sample in, and it comes back as being grade 2.

Mr. QUELCH: Where does he send that sample from?

The CHAIRMAN: To the board.

Mr. QUELCH: From where is it taken? Is it stored in the elevator?

The CHAIRMAN: No. He drives into the elevator with a load of what Mr. Argue contends is grade 2 wheat, and what the agent says is grade 3. What he can do is to send a sample in to the Board of Grain Commissioners.

Mr. QUELCH: What happens to the load in the meantime?

The CHAIRMAN: He has got to hold it in the meantime.

Mr. QUELCH: In the elevator?

The CHAIRMAN: No, he has got to take it home.

Mr. QUELCH: But he may mix it up with some other grain when he gets it home. There will be no proof that the grain is the same as the grain from which the sample was taken.

The CHAIRMAN: Then he will have to park it in the yard.

Mr. STUDER: In the meantime the elevator man might do the same as the farmer.

Mr. WYLIE: Would the grain not have to be kept in a special bin?

Mr. STUDER: It would have to be, but we are assuming there is no room, and that is where the trouble arises.

Mr. QUELCH: In the case which Mr. Argue mentioned, where there is a large bin of grade 2, a farmer brings in a load which he thinks is grade 2 but which the elevator says is grade 3. Pending an agreement being reached while the sample is sent away, the elevator company would probably put that wheat right on top of the grade 2. They would probably dump it in the grade 2 bin, and when the return came back they would pay the farmer either for grade 2 or grade 3 according to the decision of the commission. That would be the most likely thing to happen.

Mr. MILNER: That is the practical way in which the problem would ordinarily be handled. In a period of congestion it is very difficult to have this procedure followed and there is little of it being done, I imagine. It is

almost out of the question for me to take a load into an elevator and say "I want a sample sent to the board to have the grade determined" and to have the identity of that grain preserved until a decision is reached. That cannot be done in a congested period.

Mr. ARGUE: Supposing this elevator has lots of room for No. 3 and the farmer drives around with what he says is No. 2, and the elevator says "no, it is grade 3". That would be unfair, since the elevator wants the grade 3 from him, in taking that load as grade 3 and having a sample sent in subject to grade and docket.

Mr. MILNER: I do not think there would be anything very much unfair about that. If it is graded 2 northern, he loses the difference between 2 and grade 3.

Mr. ARGUE: There must be some risk involved in being an elevator agent, the same as in anything else, and when an elevator operator uses his experience and training to say "this is No. 3" and they have lots of room for No. 3 I personally think the farmer should have the right to have the grain dumped and the sample sent in subject to grade and dockage. Otherwise the farmer has very little right at all, except to take his grain home.

Mr. MILNER: I appreciate that, but we have to administer the Act the way it is given to us.

Mr. CHARLTON: I believe, Mr. Milner, that at one time you said an elevator was bound to take grain if it was offered and if there was room for it, and then on another occasion you said that an elevator could not be forced to purchase grain.

Mr. MILNER: In the first instance I said "take it in for storage".

Mr. CHARLTON: And subject to the grade?

The CHAIRMAN: That would be determined by the board.

Mr. ARGUE: How many samples per year do you get marked subject to grade and dockage? Do you get thousands of them?

Mr. MILNER: They might not all have been marked subject to grade and dockage. They might have just been put in a tin box marked "John Jones" or "Tom Brown". We take whatever comes out of it and send back a report in that way.

The CHAIRMAN: Are there any other questions? If not we will go on to the paragraph headed Assistant Commissioners on page 10.

The WITNESS: Effective January 15, 1954, Mr. Walter Spence Frazer was appointed Assistant Grain Commissioner for Manitoba. Assistant Commissioners A. G. McLean and M. M. MacKinnon have continued to serve in Saskatchewan and Alberta respectively.

Assistant Commissioners inspected 658 elevators in Manitoba, 588 in Saskatchewan and 1,153 in Alberta. Irregularities in the matter of equipment, such as scales, sieves, sample boxes and lockers and the posting of licence and regulations, were drawn to the attention of the agents and where necessary, to the attention of licensees. Tickets and receipts were checked to ensure that these were properly made out and that only the allowed shrinkage was deducted. In addition, several seed treating installations were checked to assure proper segregation of treated grain from elevator stocks.

Assistant Commissioners also inspected buildings such as coal sheds, flour storage sheds, etc., before the Board authorized use of these buildings for emergency wheat storage.

Any agents who had consistent or excessive overages on country elevator operations were interviewed with a view to determining the cause of these

overages. If they had not been called to appear before the Board in this connection, they were warned of the action which would be taken in cases of continued accumulation of excessive overages.

Assistant Commissioners investigated a total of 91 complaints during 1954. This compares with 148 investigated during the previous year. Seven complaints originated in Manitoba, sixty-two in Saskatchewan, eight in Alberta, and fourteen were carried over from the previous year.

In addition to complaints, a large number of inquiries respecting the operation of the car order book were dealt with, and where inequalities were found, solutions were worked out and situations corrected. The majority of car order book complaints originated in Saskatchewan.

After investigation of the complaints which related to grain handling at country elevators, shipments from country elevators, irregularities in car order book procedure and other operations of licensees under the Canada Grain Act, they were disposed of as follows:

—	Manitoba	Saskatchewan	Alberta	Total
No grounds for complaint.....	4	22	3	29
Settlement effected.....	2	15	2	19
Outside jurisdiction of Board.....	1			1
Licensee fined or penalty applied.....		18	2	20
Licensee warned.....		14	1	15
Complaint withdrawn.....		1	1	2
Not yet disposed of.....		3	2	5
Totals.....	7	73	11	91

Are there any questions on that section.

By Mr. Castleden:

Q. I notice that the inspections in Saskatchewan for this year are 588 according to your figure?—A. Yes.

Q. Last year there were something over 928.—A. I think, if I remember right, this is back a year and the assistant commissioner was away sick for a few months; then on top of that you will notice from the list of complaints of a large number in Saskatchewan that he spends a lot of his time on investigation of complaints. Frankly, the load got too heavy and we have had to ask for assistance in that district. You have about 3,000 elevators in Saskatchewan against 700 or 800 in Manitoba and you can see the difference in the load that the men carry.

Q. We commented on that last year. This is for the calendar year 1954, 588, and for the calendar year 1953 it was 928?—A. Yes.

Q. Your inspections for 1954 were only covering about a quarter of the elevators?—A. For 1954, yes.

By Mr. Quelch:

Q. In the second paragraph from the bottom on page 10 it states: "If they had not been called upon to appear before the board in this connection, they were warned of the action which would be taken in cases of continued accumulation of excessive overages." What would be the action taken in that case?—A. The final and ultimate action if they do not pay any attention to our warning is that we have no way of getting at the agent except through advising the licensee of the elevator that we will not license an elevator where such an agent is employed. So far, as far as I can recall, we have only had to

have one agent dismissed and his record was terrible. We caught him four or five years and warned him and discussed the thing with him and he made no attempt to correct the situation. We advised the company that we would not license any elevator in which he was the operator.

Q. What would be the percentage of overages allowed before you feel that the agents should be criticized?—A. There are two things which happen. First of all, when any agent shows an overage of any kind the assistant commissioner goes out and calls on him, reprimands him, and advises them. If they get over .25 or .30 or something like that, we will call them before the board and we give them a very severe cross-examination.

Q. You have no way of checking the overage in grades at country elevators?—A. No. But before we regard a man as being too great a sinner we check back over his period for years. A man may show up badly one year and the next year he is all right.

Q. Without mentioning any elevator companies, do you find there is more of a tendency in some elevator companies than in others to have overages?—A. That leads me to one of the serious things which I cannot understand. One year it will be one company and the next year it is another company. That is one of the problems which we face.

Mr. STUDER: How long does it take to get back to the first company again?

The WITNESS: That is too subtle for me.

By Mr. Johnson (Kindersley):

Q. Mr. Chairman, do the assistant commissioners make a daily report to the Board of Grain Commissioners over their activities or do they just report individual instances which are brought to their attention?—A. They report every week to us of their activities including complaints which they investigate, houses they visited and the results they have seen in those houses and if

Q. Just in a sum total of the week?—A. Yes. They indicate the number of there is any reason for correction they advise us.

By Mr. Castleden:

Q. Are they directed where they should go each week or month?—A. No. They have to cover their territory as quickly as they can. We do not direct them as to where they should go. Suppose we get a complaint up in your country, the assistant commissioner may be working somewhere else and we suggest to him when he goes to that part of the country to make the best of time there and investigate that area while he is there.

The CHAIRMAN: A moment ago you said that the report covered the crop year 1953-54 and then it summarizes the major activities of the board for the calendar year. Do I take it that the actual financial report—the first part—is the crop year and then the appendices are the calendar year?

The WITNESS: I think the explanation is fairly obvious. As you men all know parliament votes our appropriations every year and that has got to be done within the fiscal year and our expenditures are tabulated within the fiscal year, but when it comes to the discussion of activities under the Canada Grain Act we operate under the calendar year.

The CHAIRMAN: But your statistics are on the crop year, your financial is on the fiscal year and the general report I take it, is on the calendar year. Is that correct?

The WITNESS: That is it.

The CHAIRMAN: In other words, the appendices are on the calendar year but the financial statement is the same as the government and all the statistics are on the crop year. Is that right?

The WITNESS: Yes.

By Mr. Tucker:

Q. Mr. Chairman, there is one thing I am not clear about in the table on page 11. It says: "Licensee fined or penalty applied"; there were 20 of them, totalling the prosecutions, and the number of penalties given add up to 25. Why would they be different?—A. Prosecutions are for proven offences. Fines are imposed for proven offences under the Act.

Q. In the table "licensee fined or penalty applied", in that case they would have to be found guilty too?—A. Yes.

Q. Why would there be 20 in one case and 25 in the other?

Mr. MILNER: I think that the answer to that is they were in a process of investigation at the end of the current year and the assessment was made against them in this year.

Mr. TUCKER: I thought that both tables would cover the same period. I see there are five undisposed of so that the "licensee fined" as it is applied would be 20 and 5 undisposed of. In the next paragraph you show actually there were 25 penalties applied.

Mr. MILNER: They were previous years which were collected in this year.

The WITNESS: There might come up in next year's annual report the listing of those which are still undisposed of and which conceivably have a penalty attached. That would show up next year.

By Mr. Johnson (Kindersley):

Q. You have mentioned here that the assistant commissioners made inspections of storage. What are your requirements in this respect?—A. The building must come up to certain standards.

Mr. MILNER: We have certain regulations with respect to the type of building and the assurance that none of this mercurial dust gets into the elevator stocks. That is what you have reference to, is it not?

By Mr. Johnson (Kindersley):

Q. Do you require that separate spouts should be used?—A. All we are concerned about is that none of the treated grain goes back into the house and into the commercial supply.

Q. Even using the same spout would give you the chance of having a foreign element in the grain. It would appear to me to be desirable to require different spouts for the treated grain.—A. That is right. They can only be spouted outside the elevator.

Mr. TUCKER: I notice that on page 11 it says that 15 licensees were warned. What would be the nature of the complaints in those cases? What would be the offences in respect of which they would be let off with a warning?

The WITNESS: Oh, they would be minor complaints, and we would tell them that if they persisted in practices which we thought were not in accordance with the Act we would take action against them.

The CHAIRMAN: Are there any other questions?

Mr. TUCKER: What would be the nature of the complaints—would they be the same offences as those in respect of which penalties were imposed? I see that most of the penalties were applied in respect of infringements of board regulation No. 18. Do most of the warnings apply in respect of the same regulation?

The WITNESS: No. That is a serious matter. We simply impose a penalty for that.

Mr. MILNER: All kinds of things are done—for instance, the wrong use of a ticket. We came across a case where a man was using a special bin ticket as a record of his weights. The warnings were given with regard to that kind of thing—all sorts of small things like that.

Mr. TUCKER: You gave warnings in respect of what were more or less innocent actions; where some irregularity had been committed?

Mr. MILNER: Irregularities which made no difference so far as the producer was concerned.

Mr. JOHNSON: (*Kindersley*): I understand that a large number of inquiries were received concerning the application of the car order book. How many inquiries were made, and how does this compare with previous years?

Mr. MILNER: We did not keep a record of that Mr. Johnson, though we could obtain that information for you if required by looking through our records.

Mr. CHARLTON: I see one of these items is outside the jurisdiction of the board.

Mr. MILNER: Seed grain.

Mr. CHARLTON: You have no jurisdiction over seed grain?

The WITNESS: That is right.

By Mr. Argue:

Q. In general, what are the complaints of producers as to the use car order book?—A. You get a number of different aspects of it.

Q. What is the general complaint?

Mr. MILNER: Most of them are that some person has not understood the regulations of the car order book and we get a lot of complaints because a farmer will haul in, shall we say, 1,500 bushels. He then thinks he has a carload. The agent puts in another 100 bushels and that is a breach of the regulations.

Mr. CHARLTON: Who complains about that?

Mr. MILNER: The competitors sometimes.

Mr. CHARLTON: Are a lot of the complaints from companies themselves?

Mr. MILNER: Yes.

Mr. CHARLTON: And the elevator companies?

Mr. MILNER: And the pools.

Mr. CHARLTON: One that it is being used, and the other that it is not.

Mr. QUELCH: The size of the quota makes it practically impossible for the car order book to operate.

Mr. MILNER: It makes it much more difficult.

The CHAIRMAN: Are there any other questions?

Mr. CASTLEDEN: How is seed grain handled? Supposing a carter of seed grain wished to send a carload of selkirk wheat, shall we say, from a point in Saskatchewan to Manitoba, how would that be handled?

Mr. MILNER: That comes under the seed branch of the Wheat Board. The Wheat Board would give permission to move it and he would have to pay the difference between the original payment and another payment after that.

The CHAIRMAN: The initial price and the then price.

Mr. MILNER: The seed branch issues the certificate. We do not.

Mr. CHARLTON: The seed branch would not have jurisdiction over commercial seed?

Mr. MILNER: They do not use the grade names as set out in our Act.

Mr. ARGUE: When was the car order book last suspended?

Mr. MILNER: I don't remember.

Mr. ARGUE: You should. That was mostly what the complaints were about.

Mr. MILNER: About my suspending it? I don't think so.

Mr. ARGUE: It was suspended in 1953-54 was it not?

Mr. MILNER: I think it was. Once in the Fall, if I remember correctly.

Mr. ARGUE: Oh, come!

Mr. MILNER: Let me make it clear to the committee about the suspension of the car order book—a good many people told me that I suspended the car order book as transport controller, but the suspension of the order book was determined after a discussion between the Canadian Wheat Board and the Board of Grain Commissioners—our own board. I left on the noon train, and I discussed this subject with the Wheat Board and the Board of Grain Commissioners and I said, "I will write the order out, and if you want to have the car order book suspended you phone over and tell Rayner and I will leave the order signed." The result of it was I was on the train and did not even know that the order had been issued. Now it was done at the request of the Wheat Board in the interests of getting what they considered was the necessary movement of grain to meet commitments. My participation in it was only because I had power under my Act to suspend it and they did not think they had under their Act, and the Board of Grain Commissioners did not have it under their Act. I was the goat and got all the blame all over the country for it, but I have told you what happened.

The WITNESS: Excuse me, but your original question is all answered on page 12 in the section headed "Car Order Book." It says, "The Transport Controller by an order of October 2, 1953, reissued on August 10, 1954, provided that applications for cars in the car order book would be passed over temporarily . . ."

Mr. ARGUE: About the time that Mr. Milner was ordering the suspension, without knowing whether someone else would put it into effect or not, was any thought given or any action taken to consult the grain trade or the producers' organizations?

Mr. MILNER: No.

Mr. ARGUE: Well, would the transport controller not think that that was something which was advisable at the time? The Canada Grain Act is an Act for the protection of the producers.

Mr. MILNER: The reason I did not do so was this, that the Wheat Board handles all the grain for the producers in this country. They are the only people who own the wheat, and if it was their opinion that that should be done in the interests of the producers I would not argue with them about it, nor would I go and consult elevator companies or anybody else if they told me that that was the best thing to do.

Mr. ARGUE: After you suspended it did you get any protest from any producers' organizations saying that they felt it should not have been suspended?

Mr. MILNER: I did, and I told those producers' organizations that the day the Wheat Board told me they could get the kind of grain they wanted with the car order book in effect again, I would cancel the order which I had issued.

Mr. JOHNSON (*Kindersley*): At how many points was the car order book in effect at the time it was suspended?

Mr. MILNER: I do not know.

Mr. JOHNSON (*Kindersley*): I would suggest that that information would be quite valuable, because if it was not in effect at a significant number of points it would not appear necessary to cancel it in order to meet the required movement of grain.

Mr. MILNER: Again I would point out to you that this was done on the request of the Wheat Board, and not any decision that I made.

Mr. ARGUE: What farmers' organizations, after the cancellation, expressed the opinion that the suspension should not have been made?

The CHAIRMAN: Pardon; I do not want to interrupt the discussion but it seems to me that we are now embarking on a discussion of the car order book, which comes two sections further down. Why not clean up these two small sections before we get to the car order book and really deal with it at the proper time? Let us dispose of "Prosecutions." There is hardly anything there.

PROSECUTIONS

Twenty-five penalties for breaches of the Canada Grain Act and Board's Regulations amounting to \$1,730,000 were levied and collected as follows:

Number of Penalties	Contravention	Amount
1	Section 68 (2), Canada Grain Act	\$ 75.00
8	Section 109, Canada Grain Act	\$ 155.00
2	Section 110, Canada Grain Act	\$ 125.00
14	Board Regulation No. 18	\$1,375.00

Mr. JOHNSON (*Kindersley*): Well, when you say there is really nothing in "Prosecutions" I should like to ask in connection with prosecutions who pays the fine, is it the elevator operator or his company?

The WITNESS: The elevator company pays it as far as we are concerned. I cannot tell you what they do, but you can probably ask them when they are before you.

Mr. JOHNSON (*Kindersley*): It would appear to me on that basis, knowing the size of the elevator companies, that an average fine of \$70 would not be much of a deterrent for the offence committed, seeing that the elevator company is paying it.

Mr. ARGUE: Is this a reported decision, or is it the ruling of the board?

The WITNESS: It is a fine imposed by the board but it certainly gets out. We have the information as to the details of the prosecutions, as to who they were or what they were.

Mr. MILNER: Yes, we have them listed if you want them.

Mr. ARGUE: If you please.

Mr. JOHNSON (*Kindersley*): Is the amount of the fine set out by statute?

Mr. MILNER: No. There are some limitations.

Mr. JOHNSON (*Kindersley*): You do not have a regulation covering it?

Mr. MILNER: No. There are some limitations in the Act as to what may be done.

The CHAIRMAN: Shall we carry that?

Mr. CASTLEDEN: Were there any prosecutions for the shipping of grain under a certain name or grade as shown by the certificate authorized by the board where the grain did not come up to that standard?

Mr. MILNER: No, not under our Act. The Wheat Board themselves assess the penalties against the companies for that.

Mr. CASTLEDEN: I see there were fourteen penalties under regulation 18, which has to do with the use of receipt forms other than those specified by the board.

Mr. MILNER: You have the wrong regulations, sir. It is regulation 18, section 6, I think it is.

The WITNESS: Most of those prosecutions were for loading grain into a car ordered by a farmer and the farmer did not fill it up.

Mr. ARGUE: What were the eight under section 109 of the Canada Grain Act?

Mr. MILNER: Refusing to accept grain.

Mr. ARGUE: I have the 1952 consolidation here and the section is different: "The cash purchase tickets, receipts or assignments." "Particulars to be specified." Would you explain to us how the discrimination came about? There were eight cases, but in what way did the discrimination come about?

Mr. MILNER: We would have to look at each of the files to give you that information. Would you like to let us table it, or what do you want us to do about it? Would you like to look it up now?

Mr. ARGUE: Could you not give us an example?

The CHAIRMAN: Perhaps you would just take one example.

Mr. MILNER: Well, we have one here which says:

Pursuant to the provisions of section 109 of the Canada Grain Act, upon the complain of against the managers of licensed public country elevator at in the province of Saskatchewan, in the matter of refusal by the agent of the said grain company on December 15, 1953, to receive for storage grain offered by the complainant and other farmers at the said country elevator at Saskatchewan, in contravention of section 109 of the Canada Grain Act.

The board orders that in accordance with the provisions of sections 81 and 162 of the Canada Grain Act, the managers of licensed public country elevators with head office in the city of Winnipeg in the province of Manitoba pay to the board by way of penalty for the said breach of section 109 of the Canada Grain Act the sum of \$50.

The CHAIRMAN: Just a moment. Since this is just an illustration may we leave out the name of the company?

Mr. MILNER: Yes. It does not matter.

Mr. ARGUE: It is all public information.

The CHAIRMAN: We are merely giving it as an illustration, and we are taking a specific case. It does not affect the matter at all.

Mr. ARGUE: I do not take it as any reflection on the elevator company concerned. Mr. Milner, would you tell the committee in what way it was a breach? It was for discrimination against the farmers in accepting their grain, but what was there room for of what the farmers hauled to the elevator?

Mr. MILNER: Well this complaint alleges that each of the above persons, including this complainant, offered grain at this elevator on December 15 and their grain was refused although the elevator had room for the particular kind and grade of grain offered. That was the complaint.

Mr. ARGUE: Well now, supposing that the kind and grade of grain offered was No. 2 Northern and there was space for No. 2 Northern, and the agent said it was No. 3 Northern. Who found out in this case that there was room for that kind of grain?

Mr. MILNER: The assistant commissioner in making his investigation.

Mr. ARGUE: So that the elevator is required to take it?

Mr. MILNER: What?

Mr. ARGUE: To take grain.

Mr. MILNER: If he had room for it; the grade that the elevator agent put on it.

Mr. ARGUE: Do I take it then that the elevator agent—and this is a serious question—do I take it that in this specific case referred to the elevator agent and the farmer were in agreement in so far as the grade was concerned?

Mr. MILNER: I think it must have been, Mr. Argue. This is 'an old file, and I would have to look it up. I would say from the look of this file and without going into it any further that they did come to an agreement on the grade of the grain, but this fellow refused to take it in unless the man signed the car order book. He said he would take the grain if they put their names on the car order book.

Mr. ARGUE: You said a little while ago that no elevator company has to buy grain, and I advanced a hypothetical case. Suppose in that hypothetical case the farmer had been willing to store his grain subject to grade and dockage. Has the farmer the right to store his grain, then?

Mr. MILNER: If there was room in the elevator.

Mr. ARGUE: Remember the case now. If there is room for No. 2 northern in a big No. 2 northern bin, and the farmer says his grain is No. 2 northern, but he is willing to store it subject to grade and dockage, but the elevator agent says, "No, your grain is No. 3 and I will not dump No. 3 in a No. 2 bin." Has the farmer in those circumstances not the right to sell, but the right to have his grain stored?

Mr. MILNER: Not on top of No. 2 northern wheat, but if there is room in the elevator to keep the identity preserved.

Mr. ARGUE: What does this mean—"provided that there is in the elevator available storage accommodation for grain of the variety and grade of such grain and of the character desired by the person by whom the grain is offered"—not by the company to whom it is offered, but by the person?

Mr. MILNER: I know the Act very well.

Mr. ARGUE: In plain English that reads to me that the farmer is the person whose opinion is necessary to know whether or not this section is being enforced and you tell me that is the section under which certain prosecutions have taken place.

Mr. MILNER: That is right.

Mr. ARGUE: So that in effect all the agent needs to do is to quarrel about the grade of the grain, and the farmer goes home?

Mr. MILNER: And if there is no room to keep the identity preserved.

Mr. ARGUE: In those circumstances he has room to keep the identity of the grain preserved or just room for the grade?

Mr. MILNER: I think they had agreed upon the grade from the look of this, and still he refused to take it in unless they were agreeable to putting their names on the car order book.

Mr. ARGUE: Was there any case amongst the eight in which there was a disagreement as to the grade, and in which there was room for the grade of grain which the farmer claimed it was, and you had a prosecution?

Mr. MILNER: In order to answer that I would have to look through our old files. May I answer that at our next meeting?

Mr. ARGUE: Yes.

Mr. MILNER: I do not want to make a mistake.

Mr. TUCKER: The Act provides that people prosecuted under this Act are liable to penalty on summary conviction. Were they brought before a magistrate or a justice of the peace?

Mr. MILNER: No.

Mr. TUCKER: Under what section does the board have power to penalize?

The CHAIRMAN: Section 81.

Mr. TUCKER: Section 81 of the Act reads:

(1) The board may order the payment by any licensee under this Act by way of penalty for the breach of any provision of this Act, or of any regulation or order of the board made pursuant thereto, of a sum not exceeding the amount of the fine that might be imposed upon such licensee on indictment or summary conviction in respect of such breach.

What I was wondering about, Mr. Chairman, is that the total amount of the penalty imposed which is \$155 for infringements of section 109 which seems to me to be quite a serious infringement of the whole intent of the Act, that is, to refuse to accept grain without discrimination. The average amount of the fines imposed was less than \$20. When you go to the trouble of prosecuting someone who is guilty of this serious infringement of the Act, I submit there should be a penalty of more than \$20 on the average. What is the explanation of that? If the board had left it to a court, I would not have said anything about it, but they took it upon themselves to act.

Mr. MILNER: Our experience is that if left to a court the fines imposed on them do not amount to anything.

Mr. TUCKER: I was going to say if the court had imposed these light fines, it would not be up to us to make any complaint because it would be a matter of the administration of justice, but when you take it upon yourselves to impose a penalty it seems to me the average penalty for an infraction which is such a serious undermining of the Act as this should be greater. The maximum penalty is imprisonment for not more than six months or a fine not exceeding \$500, is it not?

109 (3) Any breach of the provisions of this section is punishable on summary conviction by imprisonment for not more than six months or by a fine not exceeding five hundred dollars.

What is the reason for the lightness of the fines?

Mr. MILNER: In those instances Mr. Rayner just handed me, three were fined \$5 and one was fined \$15. That was in the court at Tramping Lake. Our fines are heavier than those in the courts and they always have been, but I think perhaps the board might give some consideration to the subject. If you want my personal opinion, I believe we should impose a heavier fine.

Mr. TUCKER: Does the board not think that section 109 which provides that the grain should be received without discrimination, is almost the heart of the Act? Since the maximum fine is actually imprisonment for six months

or a fine not exceeding \$500 when you actually have someone found guilty of breaking that Act it seems to me a fine of \$50 even is letting them off pretty lightly.

The WITNESS: Unfortunately the courts let them off lighter than we do.

Mr. TUCKER: But I understand that if the courts are not imposing a sufficient penalty to make the law respected, you have the power to take into your own hands and when you do so it seems to me you should make it worth while.

Mr. CHARLTON: Further to that question, I understood you to say in this particular case pointed out to Mr. Argue the fine was \$50.

The WITNESS: As a matter of fact, the violations of section 109 of the Act are this way; we gave a fine of \$50 in this case we are talking about and in the case which I read to you before that was the board's fine.

The next case was one which was brought before a magistrate; it was \$5; the next was a board's fine of \$25; the next was a magistrate's, \$5; the next two were board cases, \$25 each time; the next was a magistrate's case, \$15; and the next was a magistrate's case, \$5.

It is true that perhaps we did not fine enough, but we did a lot better than when the cases were brought up before a local magistrate.

Mr. TUCKER: I would like the answer which Mr. Milner is going to give.

Mr. MILNER: I am inclined to agree with you and I think we will consider much heavier fines for infractions under section 109 of the Act.

Mr. ARGUE: Who is fined under section 109, the company or the agent?

The WITNESS: The licensee.

Mr. MILNER: There are certain cases—

Mr. ARGUE: I think that is important. If these boys are to have their fines paid by the elevator companies, there is no significance as far as the amount of the fine is concerned, no significance at all.

Mr. TUCKER: In the first instance, it must be levied against the operator or manager; but who pays it ultimately is another matter.

The CHAIRMAN: Just a moment. Mr. Milner will answer that question.

Mr. MILNER: In the Tramping Lake case, it was against the agent. In all the other cases it was against the companies.

Mr. ARGUE: If that is the case, I think that Mr. Tucker's point and your answer to him are both well taken; because if the fine is \$5 against an elevator company, certainly there is no deterrent in the size of the fine, because it means just about nothing.

Mr. STUDER: You raised your "ante" or fine. What would prevent the elevator agent from applying his grade or saying "tough" grade.

Mr. MILNER: He could appeal our judgment to the court.

Mr. STUDER: If he did, he would come out with \$5 again.

Mr. YUILL: Where does the money go which is derived from fines?

The WITNESS: It goes into our revenue. It is all paid into the treasury.

The CHAIRMAN: Shall we carry "Prosecutions"?

Carried.

"Shortages and overages—country elevators"

The WITNESS: Country elevator annual returns for the 1953-54 crop year, which were submitted to the Board as required by section 10 of Board's Regulation No. 17, have been examined and the results tabulated. Owing to the very congested storage conditions, only 1,087 out of 5,130 elevators were able to weigh over during the crop year.

Of these 1,087 country elevators, many reported shortage or overage positions on the basis of handlings for periods of two, three and even four years. The following table shows the number of weighed over elevators reporting shortages and the number reporting overages in different ranges. Data for 1952-53 are also given for comparison:

Elevators Reporting.....	1953-54	1952-53
Shortages.....	356	640
Neither overages nor shortages.....	6	19
Overages of less than .25%.....	420	893
Overages of .25% to .50%.....	195	351
Overages over .50%.....	110	115
Total elevators weighed over.....	1,087	2,018

The WITNESS: Where the Board was of opinion that overages on public country elevator operations were excessive as revealed in 1952-53 and previous records, hearings were held during 1954 to examine operations of the offending agents. Fourteen hearings were held at five points in Manitoba and Saskatchewan, and 104 elevator agents with unsatisfactory records were summoned to appear before the Board to show why the Board should not refuse to license any country elevator at which the persons concerned acted as agents of licensees. In addition to these hearings, Commissioner Vallance and the Assistant Grain Commissioner M. M. MacKinnon, held interviews with eight elevator agents in Alberta in connection with their unsatisfactory records. Country elevator superintendents and management officials of companies concerned were ordered by the Board to be present at all hearings to give explanations concerning accumulation of excessive overages.

Mr. ARGUE: As a result of those hearings, was a license refused to any country elevator?

The WITNESS: To one, and I have already mentioned it.

Mr. QUELCH: In that case, was the agent fired?

The WITNESS: I do not know; but I do know that he is not buying grain.

Mr. QUELCH: You did not have to suspend the license of the elevator company because they let him out?

The CHAIRMAN: Any other questions?

The WITNESS: One other case: a year before that we suspended a license for a period of about two or three weeks, thus putting the company in the rather embarrassing position of explaining to the local community why their house was closed.

Mr. WYLIE: I suppose the condition at the present time is changed considerably since this report came out as far as the congestion at elevators is concerned. I know when I was home at the Easter recess Whitla has two elevators, which will be in the pool, and they were both empty. Since that time the wheat quota has been increased by one bushel so the congestion is not as bad as it was.

Mr. MILNER: Since August 1 we have shipped out of country elevators about 50 million bushels more than was taken in. So the space condition should be improving.

Mr. QUELCH: It is still pretty bad in my part of the country.

Mr. ARGUE: This is a matter of shortages and overages and I presume overages in particular. It is a kind of perennial problem which we discuss in this committee year after year. The companies take the position that a small

overage is not out of the way and that they themselves do everything reasonable within their power to see that overages do not occur. The Board of Grain Commissioners say the same thing. The farm union organization which comes here each year complains that overages are excessive and something should be done about them. I would like to know to what extent the board's action is able to reduce the amount of overages. Everybody seems to agree that if they could get away from the overages, certainly over 5 per cent or something like that, that it would be to the advantage of everyone concerned. My question is, to what extent are we licking the problem of overages?

Mr. MILNER: In the past six years there have been 241 agents who have appeared before the board; 13 of those fellows were repeaters, 22 are not now employed, and 20 have transferred to other points or other companies. In these meetings which we had last year we started something we had not done before. We insisted that the traveller who is directly responsible to the agent be at the meeting and also that the superintendent and general superintendent be at the meeting. Before we even talked to the agents concerned we had the superintendents and travellers in and told them of the seriousness of the situation as far as overages are concerned. We did it as well as our forensic abilities will permit and we pointed out that we were concerned about it, that nobody liked overages, and that we were anxious to get the overages down as low as it was possible to do so. Now, I believe as a result of that, that we are having some progress. The overage this year in gross in country elevators amounted only to 2/100 of 1 per cent. When you get down to figures such as that I think you are getting down to where the criticism cannot be too bad against the over-all picture. There are certainly some places which show up, but you are bound to have that on a number of different individuals weighing over different scales and under different conditions. Personally, I am quite convinced that there is a tendency, I will call it, or a trend towards lower gross overages in the country.

Mr. ARGUE: Do I take the statement to mean this: with the number of elevators reporting shortages and overages as listed for the crop year 1953-54 that the effect of subtracting shortages from overages is to leave a gross overage of .02 per cent?

Mr. MILNER: That is correct, on a handling of 884 million bushels.

Mr. ARGUE: What is the overage in bushels?

Mr. MILNER: Whatever that is, 191,615 bushels.

Mr. ARGUE: Could you give me the amount of the overages in bushels for the previous year?

Mr. MILNER: 429,766 bushels.

Mr. STUDER: I see we are also licking the problem of shortages. We had 640 in the other year and now only 356.

The CHAIRMAN: Can we carry this?

Mr. CASTLEDEN: I would like to know to what extent these overages are found in terminal elevators, or does this include terminals?

Mr. MILNER: No. These are all country elevators.

Mr. CASTLEDEN: How about the terminal set-up?

Mr. MILNER: The terminal set-up certainly has overages which they arrive at by the use of the machinery in the elevators.

Mr. CASTLEDEN: You inspect that also?

Mr. MILNER: Yes, always. These figures later on will show you what the overages are in the terminals.

Mr. TUCKER: That means the overages are 2 over 10,000?

Mr. MILNER: 2/100 of 1 per cent.

Mr. TUCKER: That would be 2 over 10,000?

Mr. MILNER: That is right, of 884 million bushels. Mind you, I do not want to leave the impression that the board because we have this thing down to .02 is going to relax in any way in the inspection it is doing on this weighing question in country elevators. Every once in a while where you get these over .5 per cent which you referred to, we find in a great many cases it is a faulty scale or something contributing to that.

Mr. ARGUE: The .02 per cent is the amount of overage on the 1,087 elevators inspected. That is related to the total handlings of all elevators?

Mr. MILNER: Mr. Baxter has the figures here.

Mr. BAXTER: What was your question?

Mr. ARGUE: Mr. Milner said the gross overage is .02 per cent, but there are only $\frac{1}{5}$ of the elevators weighed over so you are comparing the overage in the 5,000 odd elevators to the quantity of grain handled in all the elevators?

Mr. MILNER: Yes.

Mr. BAXTER: The total handlings of those actual weighed up elevators was actually 243 million which resulted in an overage per cent of .09. I might say there are not comparable figures for overages yearly on that basis.

Mr. MILNER: We have started a new system.

Mr. ARGUE: So if the 1,000 is a fair sample of the picture then the general overage is not .02 but something closer to .09?

Mr. MILNER: It could be, yes.

The CHAIRMAN: Shall we carry that?

Carried.

Mr. CHARLTON: Are you going to adjourn shortly?

The CHAIRMAN: I was about to say we will adjourn. We will carry this now and start on the "Car Order Book" this afternoon.

Mr. CHARLTON: Before adjourning I do not want to protest again. There was a notice sent this morning for a meeting this afternoon at 3.30. There are three agricultural bills on the order paper for this afternoon and the agricultural estimates after that. Of course, there may not be the agriculture estimates because an order to adjourn I suppose will be made; but in any case these three bills are coming up this afternoon and we are calling an agricultural committee meeting at the same time. I think that it is not right and I am protesting that.

The CHAIRMAN: I am in the hands of the committee.

Mr. ARGUE: I certainly agree with Mr. Charlton that when important agricultural legislation is before parliament the members of parliament who usually take part in such discussions should not have to attempt to be in two places at once. I join in Mr. Charlton's protest and I think, no matter what needs to be done, we should not have going on in the House important matters on agriculture while this committee is meeting.

The CHAIRMAN: I agree with you, but we must face the fact that committees are all trying to wind up to some degree and the government business of the House is limited at this stage and it is not easy to shift it around. For this afternoon I believe there are three bills and the agriculture estimates which may go on, and I am entirely in your hands.

Mr. TUCKER: Mr. Chairman I understand there are three bills to be disposed of, and they may very well be disposed of this afternoon. The House will then go into the estimates on a motion of going into supply. You could then call this meeting, or perhaps you could call it for tonight.

The CHAIRMAN: We might meet at 3.30.

An Hon. MEMBER: Or at four o'clock.

The CHAIRMAN: If you leave it in my hands, and if the bills are through by four o'clock, we might meet sometime later today if that is agreeable to members of the committee.

Mr. TUCKER: Why should we not meet tonight, if the bills go through this afternoon?

The CHAIRMAN: We could meet tonight instead of this afternoon, then.

Mr. TUCKER: I suggest we leave it to the chairman to call a meeting either this afternoon or tonight.

Mr. WYLIE: If the bills go through by 4 o'clock.

The CHAIRMAN: All right. Is that carried?

Carried.

EVENING SITTING

May 30, 1955.

9.00 p.m.

The CHAIRMAN: According to my watch it is now 9.00 o'clock. We will proceed where we left off with the car order book section, page 12.

Mr. D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners for Canada, recalled:

The WITNESS: "Car Order Book."

Car order book procedure is established under sections 61 to 76 of the Canada Grain Act. Operation of this statutory procedure has been made difficult by reason of the necessity of the Canadian Wheat Board to move from country points specific kinds and grades of grain for export and domestic sales. The transport controller by an order of October 2, 1953, reissued on August 10, 1954, provided that applications for cars in the car order book would be passed over temporarily and not cancelled if the applicants could not ship grain due to Canadian Wheat Board restrictions; and that cars would be supplied in turn after prohibitions were removed.

Under provisions of subsection (2) of section 68 of the Canada Grain Act, the board authorized 1,827 cars out of turn to move seed and out-of-condition grain, and to move or reduce stocks in country elevators and annexes in danger of collapse. Following is a breakdown of cars authorized with figures for 1953 included for comparison:

Purpose	1954	1953
Grain out of condition	555	866
Elevators and annexes in danger of collapse	1,013	1,104
Elevators and annexes flooded	136	138
Seed grain	5	13
Grain fumigated for rusty grain beetle infestation	104	625
Others	14	55
Totals	1,827	2,801

On December 17, 1954, after consultation with the Canadian Wheat Board, the board issued authority to the railways under provisions of subsection (2) of section 68, to supply cars for shipment of damp grain under special Permit 100 in order to facilitate movement of damp grain from country points to drying positions.

The CHAIRMAN: Are there any questions on the section?

Mr. JOHNSON (*Kindersley*): Mr. Chairman, do the commissioners keep a record of the number of points that are following the car order book?

Mr. MILNER: No.

Mr. JOHNSON (*Kindersley*): It is administered under the Canada Grain Act, but in your procedures you do not keep any number of the points that are operating under the car order book?

Mr. MILNER: No.

Mr. JOHNSON (*Kindersley*): At the time the car order book was suspended have you any idea of the number of points that would be on the car order book?

Mr. MILNER: I answered that question this morning and said no I have no idea.

Mr. JOHNSON (*Kindersley*): It seems strange to me that such an integral part of the Canada Grain Act as the car order book should not receive closer attention than it appears to do. It is surprising that a matter which has created many of the complaints originating under the investigations of the assistant commissioner would not receive closer inspection.

The CHAIRMAN: Are there any other questions?

Mr. POMMER: Mr. Chairman, may I say that I just wondered for my own information about this item "Elevators and annexes in danger of collapse," which were in 1954 1,013 cars and in 1953 1,104 cars: I assume that those elevators were replaced, were they, to keep up the storage capacity?

Mr. MILNER: In almost every case they were replaced. This was due to foundations crumbling, or cribbing going, so that the elevator had to be repaired and put in shape in order to handle the next year's crop. So we permitted the cars out of turn and when that happened the elevator licence was cancelled until the repairs were made.

The CHAIRMAN: Are there any other questions?

Mr. CASTLEDEN: I would like to know whether the number of car loadings at various delivery points for last year will be available; that is, at different points where you have several elevators, how many cars were allotted at each elevator point?

Mr. BAXTER: We do not have the number of cars.

Mr. CASTLEDEN: You have the total shipments from each point that year.

Mr. BAXTER: Yes.

Mr. CASTLEDEN: Would the shipments from the various elevators be available for the crop year 1953-54?

Mr. MILNER: You want the shipments by companies from individual points?

Mr. CASTLEDEN: Yes.

Mr. BAXTER: The information is on record but it has never been tabulated in any form to be presented.

Mr. CASTLEDEN: I think we had it presented to the committee last year. Those tables were available to the committee last year and at the latter date of hearings, when the Board of Grain Commissioners was here. Could we have the same thing this year?

Mr. MILNER: It would take at least a week to do it by machine.

Mr. CASTLEDEN: Yes, to get the records set up. I would like to have them made available, if you could get them, because they would be valuable to us.

Mr. MILNER: We could possibly table them with the chairman of the committee after the hearings are over.

Mr. CASTLEDEN: Are they compiled for previous years such as 1952-53?

Mr. MILNER: We have not got them for previous years by individual companies and individual points. However, we do have them in total by points.

Mr. CASTLEDEN: But not as between elevators?

The WITNESS: Not broken down as between companies.

Mr. CASTLEDEN: Are they available from points in a form which could be presented to the committee?

Mr. BAXTER: You mean for last year?

Mr. CASTLEDEN: Yes.

Mr. BAXTER: No, I would say not.

Mr. CASTLEDEN: The figures for grain deliveries at various points in western Canada must be.

Mr. BAXTER: That information was provided last year, but you asked for shipments; the other figure, the delivery figure, and the ten year average figure is available, but not for shipments.

Mr. ARGUE: As I understand it there are no public statistics available either to the board or, in your knowledge, to some other department showing your loadings by elevator companies?

Mr. BAXTER: The information is on record for the past ten years. We have it available, but it has not been tabulated. The marketings have been.

Mr. MILNER: We said that we would do it, but it would take about a week by machine.

Mr. STUDER: Is it in order to inquire further as to the suggestion, or to ask in connection with the car controller? At various points at which you have the car order book in operation, do you not think it would be advantageous for the car controller to have that information?

Mr. MILNER: I do not know what purpose it would serve me in my duties.

Mr. STUDER: Do you think that the requirements of the farmers would be better met if you had, let us say, a number of assistants throughout the country who would be in a position to keep the car controller informed as to the actual situation throughout the country?

Mr. MILNER: No, I do not think it would affect my duties in any way.

Mr. STUDER: Cars are dispatched or allotted through the train dispatchers, that is, they are ordered for certain sections or divisions on the railway. If there are five thousand cars, let us say, allotted to the Lethbridge division, or cars ordered for that division, it would appear to me that it would be most difficult to determine whether those cars are effectively used, particularly on a line where there is but one train service a week, or even two. Such cars, if they were not efficiently dispatched, would lie over and not be in operation for, let us say, two weeks under circumstances of that kind. It would hold up upwards of one hundred and fifty thousand bushels of grain, and it would lose money not only to the railways, but to the farmers who would be in a position where they could not take advantage of that storage of grain in the

boxcars over that period of time. Although you mention that it would not aid your case if you had some additional assistance throughout the country it would seem to me that it might be of some value. Where do you obtain your information as to the actual situation throughout the various points?

Mr. MILNER: Well, I think probably I had better make a statement as to my duties as transport controller.

The CHAIRMAN: I do not want to interrupt but we are getting back really to the transport controller section.

Mr. STUDER: Is there a separate section on that?

The CHAIRMAN: Yes.

Mr. STUDER: I overlooked that and I withdraw.

An Hon. MEMBER: Where is that?

The CHAIRMAN: On page 16.

By Mr. Argue:

Q. I would like to ask what importance the board attaches to the car order book section of the Canada Grain Act? Do you feel that it is a very important section as far as the distribution of box-cars is concerned or do you think it is something of less importance as a method of farmers obtaining cars?—A. My answer to that would be that we think the car order book is one of the most valuable sections of the Canada Grain Act, but in saying that we recognize that under present conditions with storage space so tight and with preference orders being issued by the Wheat Board the operation is very substantially interfered with. But as an absolute principle there is no doubt in our minds as to its importance, Mr. Argue.

Q. When was the car order book section as it is written in the Act last interfered with by the transport controller?

Mr. MILNER: On August 10, 1954.

Mr. ARGUE: In what way?

Mr. MILNER: I will read the order I put out:

Under the congested conditions that will arise during the current crop year and the need for the maximum use of all elevator and transportation facilities to permit the Canadian Wheat Board to complete both export and domestic sales, it will be necessary at times to prohibit at country points

- (a) the loading of grain of certain grades
- (b) the loading of grain for certain destinations

These prohibitions will create problems as regards the placing of cars ordered under the car order book and the following rule will apply:

If a shipper whose application is first on the car order book cannot load owing to the above prohibitions, the car will be supplied on the first following application in the book on which a shipper is entitled to ship.

Applications passed over under this ruling will not be cancelled but will remain in the book and cars supplied in turn after the prohibitions are removed.

Mr. JOHNSON (*Kindersley*): Mr. Chairman. You mentioned, Mr. Milner, that you did not know how many cars or points were following the car order book, so it would be very difficult for you to estimate the interference that the car order book will have with the various requirements. To the best of my knowledge there are 200 points operating on the car order book. Out of the number of points which exist in western Canada what grades of grain were in such demand as to warrant the cancellation of the car order book?

Mr. MILNER: You would have to ask the Wheat Board that. I did that at the request of the Canada Wheat Board.

Mr. JOHNSON (*Kindersley*): Was it at the initial request of the Wheat Board or with their consent?

Mr. MILNER: At their initial request.

Mr. ARGUE: Would you explain to this committee, Mr. Milner, what substantial authority you used to cancel or amend or suspend this very important section of the Canada Grain Act?

Mr. MILNER: Well, it was supposed, under the authority which I had in the transport control regulations that I had authority to do so. I do not think that it has ever been challenged.

Mr. ARGUE: No, but would you explain to this committee under what statute you derived your power? It is a power that is not derived from the regulations; the regulations are attached to a statute. Your initial authority comes to you by virtue of an Act of parliament.

Mr. MILNER: The Act of parliament is Chapter 30, an Act to amend the Department of Transport Act, which is the one in effect now, assented to on May 25, 1954.

Mr. ARGUE: You were transport controller before that?

Mr. MILNER: I was, yes.

Mr. ARGUE: Where did you derive your power as transport controller previous to this Act and in what way was it different as a statute to the statute which you now have from which to derive your power?

Mr. MILNER: It was under the Emergency Powers Act as I understand it. I am not a lawyer. The Emergency Powers Act regulations respecting the transport control, P.C. 4535.

Mr. ARGUE: So that since May 25, 1954, when chapter 30 which you have referred to was assented to, your power has not rested upon a continuation of the Emergency Powers Act.

Mr. MILNER: That is correct.

Mr. ARGUE: But, rather your power has rested upon a peacetime statute?

Mr. MILNER: That is correct.

Mr. JOHNSON (*Kindersley*): I am still disturbed about the cancellation of the car order book. When the Canadian Wheat Board requested you to cancel the car order book did you draw to their attention the importance which was just outlined by the chairman of the car order book section to the Wheat Board officials explaining to them the effect which would arise from taking the privilege away from the farmers?

Mr. MILNER: I did not.

Mr. JOHNSON (*Kindersley*): Do you not think that the car order book is sufficiently important to explain that feature?

Mr. MILNER: But I thought that the Canadian Wheat Board were aware of what they were doing in the best interests of the producers.

Mr. ARGUE: Do I take it that in your agreement with or your request to the Canadian Wheat Board as to methods by which they wish grain shipped out that you suspend the car order book in your capacity as transport controller, or do you have any specific directions from the government in that field?

Mr. MILNER: No. Simply as transport controller without specific directions from the government.

Mr. ARGUE: I would respectfully suggest—and the chief commissioner has told us what importance he attaches to the car order book section—that before there are any suspensions of the car order book there should be the greatest amount of inquiry made by you as transport controller with not only

the Canadian Wheat Board, a very important body, but also with the grain companies and in particular with the producer organizations. We know the place of the Wheat Board in marketing grain, but to my mind as a member of this committee the most important people in the grain business are the producers and I think the views of the producers should be heard before such a drastic step is taken. It may have to be taken and I am not arguing that; I would say it does have to be taken at times, but I think rather than leaving a blank order for somebody to sign and that is that—

Mr. MILNER: It was not done exactly that way.

Mr. ARGUE: You were not around when it went through.

Mr. MILNER: I had had the day before a great deal of discussion.

Mr. ARGUE: With the Wheat Board?

Mr. MILNER: Yes.

Mr. ARGUE: Have you yourself given any thought to the car order book section or some other formula or means by which farmers can use the right which the car order book section was placed in the Canada Grain Act initially for them to use?

Mr. MILNER: I have never given any thought to that, at least in recent years. Mr. Argue, due to the fact there was a different method, as you know, in the apportioning of shipments from country elevators and if you were to put the car order book into effect, one would have to go. You realize that they both cannot work. The present system used by the Wheat Board in the allocation of cars and the car order book system could not work side by side, in my opinion.

Mr. ARGUE: In the light of your experience, your knowledge and your authority, have you ever considered ways and means by which a formula could be established that would give to farmers the right they would have under the car order book section, if it were practicable, but which you in your capacity as transport controller have had to suspend and something other than the present system?

Mr. MILNER: No, I have never thought of an amendment which I considered might work.

Mr. ARGUE: Have you ever been asked to give consideration to it?

Mr. MILNER: No, I never have.

Mr. ARGUE: Have you ever expressed the opinion that other methods—more specifically the method suggested by the wheat pool—could not work?

Mr. MILNER: Have I ever said it would not work? No, I never expressed an opinion on it.

Mr. TUCKER: Well, Mr. Chairman, I would like Mr. Milner to express an opinion now. You are familiar with the wheat pool's suggestion, are you not, Mr. Milner?

Mr. MILNER: Yes, I have read it.

Mr. TUCKER: I will read it now:

That provision be inserted in the Wheat Board Act to authorize the Wheat Board to furnish yearly to the Board of Grain Commissioners, a list of growers delivering grain the previous year, together with their address and seeded acreage.

That provision be inserted in the Canada Grain Act to authorize the Board of Grain Commissioners to send yearly to every such grower, a form to be completed and returned, stating his delivery preference. With this information the Board of Grain Commissioners to determine a cycle of car distribution for each delivery point and to notify the appropriate elevator companies and railways of such cycle.

One of the things I would like to ask, Mr. Chairman, is this; does Mr. Milner consider that if that proposal is put into effect it would be possible to employ the car order book system as well, and have it function?

Mr. MILNER: I prefer to answer that this way—and I am not trying to duck it at all—but I should prefer to say that we are obliged to administer the Canada Grain Act in whatever form parliament gives it to us. You are asking me what would happen in a hypothetical case if the suggestion of the pool were implemented by legislation then would the car order book in its present form conflict with the operation of such a method—is that what you are asking?

Mr. TUCKER: Yes, could they both be operated?

The CHAIRMAN: I am afraid, gentlemen, we are getting into the realm of possibilities, speculation and hypothesis that is a bit beyond the commissioners.

Mr. STUDER: Could we discuss that when we get to the section dealing with the car controller?

The CHAIRMAN: The proper place would be under the item entitled "transport controller".

Mr. TUCKER: As we are on the car order book item which is a very important part of the Canada Grain Act, and the Saskatchewan Wheat Pool has made a suggestion which might affect it. I am just asking the Board of Grain Commissioners, particularly the transport controller, if this suggestion of the wheat pool were accepted would that not practically supersede the car order book set-up? Could you operate the two together?

Mr. MILNER: In my opinion you could not.

Mr. TUCKER: Well, if there is a cycle set up as proposed by the wheat pool it would seem to me it would supersede the order in which cars would be delivered under the car order book; you could not have them both. I take it that that is your opinion too?

Mr. MILNER: That is my opinion.

Mr. ARGUE: You are aware, Mr. Milner—I think it is a fact—that the wheat pools have asked for this other suggested method as an alternate to the car order book?

Mr. MILNER: I do not see how they can possibly work together.

Mr. ARGUE: They cannot work together because they cannot work simultaneously.

Mr. MILNER: That is what I mean.

Mr. ARGUE: But what is there to prevent the wheat pool formula coming into operation at a point where the car order book is not in operation? You cannot ride two buses in Ottawa at the same time but you can ride two if you take your time and use them one at a time. What is there to prevent both working, provided that it is clearly stated in the law which one will operate at a given time?

Mr. MILNER: I do not think there is anything in the case which you give, Mr. Argue. I am only expressing my personal opinion.

Mr. ARGUE: Sure.

Mr. MILNER: But I do say this, that if you had that in effect all any person would have to do to nullify it would be to start the car order book and then the thing is up in the air again.

Mr. ARGUE: Well, I do not see anything wrong with that; I do not see a thing wrong with that. It is still giving to farmers by one means or another the right to deliver grain to the elevator of their choice, and I am not worried which section they have or which method they use; if one works, then O.K.

Mr. WESELAK: In the submission of the Saskatchewan Pool here they state: The railways admit it would be possible to distribute cars in a manner more in keeping with the farmer's individual preference, but they say they are waiting for someone to give them direction.

With the Act as it is would it be possible for the transport controller within his jurisdiction under the Act to give them direction?

Mr. MILNER: No, I have no power to do so.

Mr. ARGUE: I would appreciate learning from you why you think you have not power under the Act.

Mr. MILNER: I am not a lawyer, but that is the legal advice I have received with respect to it.

Mr. ARGUE: Could you tell the committee where the legal advice originates?

Mr. MILNER: In Ottawa.

Mr. ARGUE: I know, but in your own department?

Mr. MILNER: No.

Mr. ARGUE: Is it justice, as we hear it?

Mr. MILNER: That is justice as we hear it.

Mr. ARGUE: That is justice? O.K. With great respect to justice, listen to this: "Notwithstanding anything in any Act the Governor in Council may make regulations for the purposes of ensuring the prompt efficient and orderly transport by means of ships or by a company to which the Railway Act applies of goods in bulk and without restricting the generality of the foregoing may make regulations respecting..." and then there are a whole bunch of other subclauses and other subparagraphs.

Mr. MILNER: And then the regulations have been made.

Mr. ARGUE: And the regulations have been made, but the regulations can be amended.

Mr. MILNER: They could be.

Mr. ARGUE: The regulations can be amended.

Mr. MILNER: The opinion is that the regulations would have to be amended for me to have such powers.

Mr. ARGUE: I would not dispute that, but you could get your regulations amended I presume within twenty-four hours if the Governor in Council wished to amend them.

Mr. MILNER: Quite.

Mr. ARGUE: But my question is this. Mr. Tucker is a lawyer and he can give us his legal opinion, and I might just as soon take that as justice; it was pretty good this morning. He can give us his legal opinion. In what way is the power under this Act not all-embracing when you can do anything without any limit, as I take it, for the orderly transport of grain?

Mr. MILNER: You would have to argue that with a lawyer, Mr. ARGUE. I am certainly not going to get involved in it. I am only doing what I am advised. I would be foolish to do anything else.

Mr. ARGUE: With the Railway Act you have a federal statute of long standing with an undisputed situation, as I believe it is, that railways are something over which the federal government has jurisdiction. With the car order book section which gives farmers the right to distribute cars in a certain manner, unchallenged before the courts in Canada and the law for many years' standing, with the further statute you have under which you can cancel the car order book, and your statute supersedes the car order book, I think there are a great many legal minds in Canada who would say that there

is nothing whatever under present legislation to prevent a regulation which would use some other method of box-car allocation. I would like very much, Mr. Chairman—and I put this as a request—that we should get before this committee one or more persons trained in the law who can give us some expert opinion on this question, because surely the parliament of Canada and the government of Canada has within their power the right to provide legislation whereby the producers can market grain with the elevator of their own choice.

The CHAIRMAN: Exactly what is your suggestion?

Mr. ARGUE: That we get “justice” down here, whoever they are.

The CHAIRMAN: But what for? To get a legal opinion exactly on what point?

Mr. ARGUE: On this point, whether or not the suggestion advanced by the wheat pools can be put into a statute with a real likelihood that it can be upheld in the courts, because nobody knows definitely whether it can or not, and the government is before the courts on many things day after day, so the fact that somebody might take them to court, I do not think matters. We want legal opinion as to whether there is every possibility that such an Act would stand up in the courts.

Mr. STUDER: I suggest we confine it to one.

The CHAIRMAN: I did not hear that.

Mr. STUDER: That we confine it to one, if we do not want to stay here all summer.

The CHAIRMAN: I think it might be possible to get an opinion; not necessarily to have the experts here. They can give an opinion.

Mr. ARGUE: Mr. Chairman, I think they should be here for questioning, because a cold statement read to this committee of somebody's opinion is not good enough when we are dealing with such an aggravating problem and something which should be solved. If this committee does sit for many days and can come up with some suggestion that will solve this problem it will be I think in the interests of everybody.

The CHAIRMAN: I will look into the matter.

Mr. STUDER: It would be most difficult to find someone, unless they were very closely associated with grain and the handling of grain and transport and all the rest of it, who would be qualified to deliver an opinion on this question.

The CHAIRMAN: I understand Mr. Argue just wants a legal opinion.

Mr. ARGUE: But someone is saying to the government, “You cannot do it; it is not legal.” Let us take a look at the people who say it is not legal and see if they have a case.

Mr. BRYCE: How much are you willing to pay?

The CHAIRMAN: Are there any other questions?

Mr. TUCKER: I would like to follow up the suggestion that while these could not be operated together, the car order book and the system suggested by the wheat pool, whether in the opinion of Mr. Milner the wheat pool's suggestion is practically feasible in the light of the present congestion and the necessity of the Wheat Board being in position to order grain as required for sale, as to what extent a system such as suggested by the wheat pool of the transport controller laying down a cycle of car distribution for each elevator at each point, would be workable under present conditions.

Mr. MILNER: I would very much prefer not to express an opinion on that, Mr. Tucker, because that matter has been discussed elsewhere and there have been some very decided opinions expressed with respect to it. With great deference to the committee I think I should be relieved from expressing an opinion of that nature.

Mr. QUELCH: Did I understand Mr. Argue to say that someone is saying to the government that they cannot do this? Is it not possible that it is the government that does not want to do this, or is it no more likely I should say?

Mr. ARGUE: I would think so.

The CHAIRMAN: That was just an opinion that Mr. Argue expressed. He said he was under the impression that the government was advancing this reason for not advocating a certain course.

Mr. QUELCH: Was that statement made in the House by the minister?

The CHAIRMAN: Part of his argument, but that was not the only argument he used; he used many other arguments.

Mr. QUELCH: It might be a good idea to have the Minister of Trade and Commerce here.

The CHAIRMAN: He will be here. I suggest we leave this. It will be cleared up, maybe not tomorrow, but at a future meeting.

Mr. CASTLEDEN: Since the commissioners may not be here very long, would it be possible to have the Minister of Trade and Commerce attend tomorrow?

The CHAIRMAN: I am not sure that the Minister of Trade and Commerce will be able to be here tomorrow; but the commissioners will be here for a few days.

Mr. CASTLEDEN: Can you guarantee to have the Minister of Trade and Commerce here while the Board of Grain Commissioners are here?

The CHAIRMAN: I cannot guarantee anything. All I can do is to do my best, and I will try.

Mr. STUDER: Do we keep this transport controller section open for future discussion?

The CHAIRMAN: We are not there yet.

Mr. STUDER: I know, but in view of what is being said now about some future time, let us settle the matter.

The CHAIRMAN: As a matter of fact, this whole question will come up again, I am quite sure. It is strictly a matter of government policy. It has nothing to do with the commissioners as such. There is nothing in the Canada Grain Act which says anything about the distribution of boxcars. You might as well call it by its name, because that is what we are playing around with. There is nothing in the Canada Grain Act which deals with that. This inquiry has to do with the Canada Grain Act, so if we want to stick to the report itself, this would, in effect, be out of order. Further, it is a question which could come up not only under the transport controller, but also as a general discussion when we come to the general discussion stage after we have dealt with the details of the report. I might say that the only reason I did not try to interrupt any more was because it was hard to draw a line, as Mr. Tucker has said, between the car order book, suspension of the car order book, and the other questions. It is not easy to draw a line.

Mr. TUCKER: I suggest there is no doubt that to give effect to the pools' suggestion you would have to supersede the sections of the Act in regard to the car order book. They could not operate together.

The CHAIRMAN: I think that the pools in their statement recognize that it is an alternative.

Mr. TUCKER: The reason I think it is in order here is because the suggestion would mean the superseding of the provisions of the car order book. I thought that if the transport controller had any opinion as to the workability of the suggested alternative it might be helpful to the committee, but in view of what he has said, I would not press it further.

Mr. ARGUE: In fairness to the pools, in saying that their suggestion is an alternative to the car order book section, they are not asking us to have priority, or asking that the car order book section have priority, but only where it is not used that their formula be used.

The CHAIRMAN: It all goes back to where we started. We are arguing as to what is and what is not the pools' suggestion. They are all in the room and they will all address the meeting later on, so why not wait until they tell us exactly what it is.

Mr. WYLIE: Mr. Chairman, this is the third discussion we have had on the car order book. First of all, we started with the Farmers Union, and we could not settle it. Then we had the Canadian Wheat Board, when it was discussed in connection with another section, and we could not get very far then. Now we have another discussion and we are still in the same place. When the wheat pools appear before us it will probably be gone into again, and when the United Grain Growers appear, we will have Mr. Brownlee here, and he is a very clever lawyer. The matter will be brought up again when the United Grain Growers appear.

The CHAIRMAN: That is right.

Mr. WYLIE: Unless we can settle this matter we will be wasting hour after hour and getting no place. That is what is happening now.

The CHAIRMAN: I suggest that we hold it until we get to the last stage and deal with it then.

Mr. CASTLEDEN: I suggest, Mr. Chairman, with all due difference to what Mr. Wylie has said that we should have the opinion of the other organizations on the matter, and hear from the Wheat Board and Grain Commissioners and others what is their responsibility and how far their responsibility goes. It is important that we should have these statements now; otherwise people will be saying later "we have nothing to do with it. That is up to the board, and the Grain Commissioners."

Mr. CHARLTON: I submit, Mr. Chairman, following what Mr. Castleden has said, that we have had the buck passed from the Farmers Union to the Wheat Board, and from the Wheat Board to the Grain Commissioners and to the Wheat Pools; and I cannot imagine where the Grain Commissioners are going to be when we pass on to the Wheat Pools and they say they don't know anything about it.

An Hon. MEMBER: It will be passed on to the last.

The CHAIRMAN: It is not a question of "passing the buck". The authority is not there. If you are going to discuss it with ten other departments of government you will get the same answer. If we can hold this until we get to the end, the minister and the pools will be here and the committee can discuss it.

Mr. ARGUE: I would like to ask a question on this paragraph addressed to the board itself, and within the knowledge of the board and no one else.

The CHAIRMAN: It is on the car order book?

By Mr. Argue:

Q. On the car order book. Has the Board of Grain Commissioners at any time, or within the period of this report, received any complaints that the car order book was being used? Did you have people criticizing the car order book as such? I do not want you to be confused with those who criticized it because it could not be used. Have you had representations or criticisms from anyone criticizing the car order book provision of the statute?—A. Not in principle. There has been some criticism of—what shall I say?—maladministration of the car order book, but in principle no. There has been no objection from anybody on principle.

Q. I am glad to get that information. Can you tell us something with regard to the nature of the complaints you have had. I realize that the complaints would not involve you people primarily; I have in mind complaints registered with you about the operation of the section—railway agents not following it, grain companies not following it, farmers not following it and so on.—A. The main complaint is that it is being abused in the sense that farmers are asking that cars be placed at some elevator; then they may have, say, 1,400 bushels of wheat put in a 1,600 bushel car and the elevator pools have filled it up with 1600 bushels. That is a violation of the regulations of the car order book as we lay them down. That is the main criticism we meet.

Q. Who makes that criticism usually—the opposition company?—A. Usually.

Q. How many criticisms like that would you say you have had within the past one year period?

Mr. MILNER: Twenty-six.

Mr. ARGUE: Is this a proper procedure—or is this a frequent procedure—when someone orders a car for 1400 bushels of wheat, and someone else, possibly another farmer makes up the balance—in other words to make a joint application for a car. If the elevator agent who is “on his toes” with respect to his two customers, neither of whom has sufficient grain to fill one car suggests that they order a car jointly, would you get complaints regarding such a situation on the basis of the complaints which you have referred to?

Mr. MILNER: Not if they have enough to fill the car. They have done nothing irregular with regard to the car order book if they had sufficient to fill the car.

Mr. ARGUE: Those complaints arose, I take it, out of some 200 points where the order book is operating—one in ten. It is not bad.

The CHAIRMAN: Are there any other questions? Shall we carry this?

Mr. BRYSON: Apparently there were 550 cars required to carry grain that was out of condition. Can you tell me how many of those cars went to Churchill?

Mr. MILNER: None.

The CHAIRMAN: Shall we carry this section?

Mr. BRYSON: What grain-drying equipment have you got at Churchill?

Mr. MILNER: The Churchill elevator belongs to the National Harbour Board, not to us but I will tell you. They have a dryer there that is rated at 1,000 bushels.

The CHAIRMAN: Does that complete your questions?

Mr. ARGUE: On Monday we had the president of the Saskatchewan Farmers Union, if I recollect correctly, relate to the committee a complaint that the farmers union was associated with regard to the use of a car order book at Neudorf, Saskatchewan way back in 1953 or some such date. Would Mr. Milner care to comment on that and explain to the committee why the delay arose?

Mr. MILNER: Well, I know that Mr. Hansen did not make a statement intentionally in error in connection with the date. I remember that statement because I was sitting in the committee room when he made it. We got the file in our office for the first time on the 24th of November, 1954, not in August of 1953. This complaint originated by way of a personal and confidential letter from one of the ministers in the government to our assistant commissioner in Saskatchewan and a lot of correspondence went back and forth in connection with it and it did not reach us, as I say, until the 24th November in 1954.

Now this is the kind of file that occurs once in a while in any large organization. It is a bad one, and I certainly do not want to be defending it, but everything that could have happened wrong happened in connection with that file. I know that people who have been accustomed to operating large offices, with the amount of correspondence we get, we will appreciate that once in a while one of these things is going to happen no matter how careful you are. This letter came in to us and we sent it down to the C.P.R. where it was handled by the vice president of the C.P.R. Four days after he got it he was taken ill and went to hospital and was away for two months. The station agent went on a three-week holiday, and then he moved from Neudorf. The latest letter we have on the file is a letter which I wrote to Mr. Miller the day on which I received the reply back from the railway company which was dated May 12. It reads as follows:

Mr. S. Miller, Neudorf, Saskatchewan.

Attached please find a copy of a letter received from the Canadian Pacific Railway regarding the subject matter of your letter of March 2nd.

Will you advise please if you are now satisfied with the statement of the Canadian Pacific Railway or if you wish to add anything further.

Subsequent to that we got a reply from the Saskatchewan Farmers Union and they said—I can make it brief I do not need to read the letter:

Your letter directed to Mr. Miller at Neudorf including a copy of Mr. Miller's letter has been forwarded to our office together with comment.

I went back again to Miller and said:

We have not had a reply from you. We want to know if you want the Saskatchewan Farmers Union to handle it or do you want to deal with this matter.

This came on May 25. We have a reply, as I said at the commencement. We did not get this letter and it was being passed around there in what I consider an improper way. I do not think it should have been handled in the way it was in the original instance at all. I think that after we got hold of it there was a delay which was not good, but there was some excuse in connection with it, and I want to tell the committee this: that as a general practice correspondence handled by the Board of Grain Commissioners is handled expeditiously. There is no letter on my desk in the morning that is not sent out that night. I have had a good deal of correspondence with members of the committee and they know that to be a fact. This thing is a bad one, and I do not make many excuses for it, but I think any organization of our size dealing with the correspondence we handle, which finds only one letter that "goes bad" in the course of a year doesn't have a bad record.

This matter is still under consideration and will be dealt with fully the minute I get back from this committee.

Mr. ARGUE: What authority do you have, or does the board have in this general field in a situation where this is a complaint that railway companies not in fact following the car order book?

Mr. MILNER: There is a section in the Act which gives us the right to make fines against the railways and I think the fine is \$25.

Mr. ARGUE: When was such last fine levied?

Mr. MILNER: I cannot bring to mind one which has been levied since I have been on the board. I do not know of one having been levied.

The WITNESS: I do not recall any, and as a matter of fact this at the moment is the only one I can recall of a complaint against the action of an agent in not living up to the regulations of the car order book.

Mr. ARGUE: Would that be your memory Mr. Milner, that this is the only instance you can recall.

Mr. MILNER: Where a station agent was wrong—I am not so sure this station agent was wrong.

Mr. ARGUE: I am not either because I do not know, but I am interested in the number of cases you get complaining that the railway companies are not living up to the section.

Mr. MILNER: This is the only case I have ever come across in my time that I remember.

Mr. CASTLEDEN: How do you operate the car order in a case where there are no station agents?

Mr. MILNER: It is usually at the next station.

Mr. CASTLEDEN: Supposing there are two or three stations in the one line without an agent?

Mr. MILNER: I think it is required under the Act that there is a custodian of the car order book at the station. We had a custodian, the secretary advises me, at one point.

Mr. CASTLEDEN: When you suspend the operation of a car order book at a given point does that end the car order book at that moment or does the car order book still operate with a number of exceptions?

Mr. MILNER: Within the framework of the exceptions which have been stated.

Mr. CASTLEDEN: Where the car order book has been suspended in your knowledge, what proportion of the grain out of those points goes out as a result of the exceptions that are used and what proportion goes out because of the intermittent functioning of the car order book?

Mr. MILNER: My experience has been in almost every case I have examined that the grain going out of there has been grain which the Wheat Board wanted to get down for some purpose. Supposing there was No. 2 Northern or something there, that would be left on the car order book until these shipments were made.

Mr. CASTLEDEN: How long would that be?

Mr. MILNER: It varies according to the amount of grain there is in the area.

Mr. ARGUE: What is the amount of time these outturn cars, or whatever the trade phrase is,—what is the longest time your car order book been suspended at a given point?

Mr. MILNER: I do not know that. I cannot give you a figure on that as it varies so much. The suspension, as I pointed out before, was not made by any desire I had to suspend the car order book. It was to assist in the movement of the grain to meet export commitments.

Mr. ARGUE: What I am trying to get is a picture of what proportion of the grain may go out under these special orders and what proportion may go out following the desires of the farmers during the period in which the suspension is in effect.

Mr. MILNER: I will make a guess for you. I will say 80 per cent would go out on special orders and the balance under the car order book.

Mr. ARGUE: At the point where the car order book has been suspended?

Mr. MILNER: Yes.

Mr. TUCKER: In view of the fact that we had the Wheat Board in front of us and they told us about their difficulty in supplying the necessary orders in different grades and kinds of grain and the question of shipping out grain to

save it from spoiling and things like that. I was wondering in view of the fact that the Wheat Board certainly has a great problem of marketing and getting the grain which it needs at a certain time and where it needs it. If then the situation is complicated by the situation which is shown by paragraphs 2 and 3 of your report as to the car order book section—the necessity of moving grain out of condition, out of elevators and annexes in danger of collapse and flooding and so on—if there was some system such as suggested by the wheat pool, I take it you would still have to have the right to suspend that suggested system in order to meet emergent conditions such as we have now? You would almost have to have the right to suspend that system at times?

Mr. MILNER: I suppose there would have to be some provision made for it, but we would simply administer the Act on the basis which parliament gives it to us. I think that is a matter for the consideration of parliament.

Mr. TUCKER: If parliament provided you with an Act which was absolutely rigid and you met with conditions—

Mr. MILNER: If we found it was so rigid that it did not work we would probably suggest to the government it be amended.

Mr. TUCKER: I suggest the plan is advanced by the wheat pool would produce a rigid system which you would have to have the power to set aside the same as you have the power to set aside the car order book.

Mr. QUELCH: All that would be necessary would be to insert a clause to give the Wheat Board priority without suspending the wheat pool's proposal.

Mr. MILNER: Somebody who is a lawyer would have to answer that question. Again as I say, it is a matter of government policy.

Mr. JOHNSON (*Kindersley*): I understand that the Wheat Board allocates shipping orders among the various elevator companies and they will allocate so many thousand bushels of No. 1 and No. 2 and so on among the different companies. That being the case, why is it necessary to suspend the car order book in order that these various companies may fulfill their commitments? Is it not a responsibility which rests upon the elevator companies?

Mr. MILNER: I do not understand your question.

Mr. JOHNSON (*Kindersley*): The Wheat Board allocates shipping orders among the various elevator companies and they in turn are given the responsibility of filling the commitments according to the allocation. They would be the ones who would have to say I cannot fill that because of the car order book. The initial complaint then would have to come from the elevator companies rather than from the Wheat Board.

Mr. MILNER: Under the present system it would, yes, but that was not always the system. When I suspended the car order book in the original instance that was not applicable.

Mr. JOHNSON (*Kindersley*): There was no system of car allocation then?

Mr. MILNER: No.

Mr. CASTLEDEN: At the present time when an elevator company gets shipping orders then it directs cars to be sent to various points which it selects from among the system?

Mr. MILNER: Yes.

Mr. CASTLEDEN: How does that operate with the car order book in operation?

Mr. MILNER: Well, I have not enquired about it.

Mr. CASTLEDEN: Does it interfere with the car order book?

Mr. MILNER: I have not been advised that it does.

Mr. CASTLEDEN: Apparently the present system of shipping order distribution is operating while the car order book is still in operation, is that correct? You have not received any complaints about it, is that correct?

Mr. MILNER: I have not received any complaints.

The CHAIRMAN: Shall we carry this?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Now we will deal with the regulations of the board. These are minor amendments to facilitate the administration of the Act, and all have been published in the Canada Gazette. I do not suppose there is any point in reading these.

Mr. ARGUE: Has the board done anything to clear up the dust problem in country elevators by way of making regulations affecting masks or dust prevention equipment along the lines suggested, I believe it was by Mr. Mills, the head of the wheat pool employees association?

Mr. MILNER: We have done nothing at all; that comes under the labour codes in those provinces, Mr. Argue.

The CHAIRMAN: Are there any other questions?

Mr. CASTLEDEN: Would those regulations have anything to do with the changing of the quantity of grain in No. 1 feed screenings?

Mr. MILNER: No, these are minor and usually have to do only with assisting the installation of machines for bookkeeping purposes.

Mr. CASTLEDEN: The other might come in under inspecting of screenings?

Mr. MILNER: Yes, I think so.

The CHAIRMAN: Shall we carry this?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: We are now on the inspection of grain. It is almost 10 o'clock and although this is a short section, I might warn you now that we will also take up the schedule at the same time, and there are 15 pages of statistics related to it. There is really nothing much to it, because it is just a car lot inspection given in detail.

Mr. TUCKER: I wonder when I might have an answer to my question concerning the allocation amongst the various elevator companies and grain handling systems in respect to the increase in the storage capacity?

The CHAIRMAN: Mr. Robinson, Mr. Argue and Mr. Castleden asked questions this morning, and I understand that the officers are now ready to answer them. If we have the answers now they will be included with the questions. I understand that Mr. Baxter will now give us the answers.

Mr. BAXTER: Mr. Castleden's question concerned the comparative percentages of inspections of the western wheat crops from 1947 to 1953 grading No. 1, 2 and 3 northern in relation to the total inspections of red spring wheat. Comparative percentages of inspections of the western wheat crops from 1947 to 1953 grading 1 nor., 2 nor., and 3 nor. expressed in relation to total inspections of red spring wheat.

	1 Man. Nor.	2 Man. Nor.	3 Man. Nor.	Total 1-3
Crop year	Per.	Per.	Per.	Per.
1947-48	7.7	34.9	17.8	60.4
1948-49	33.6	44.4	10.2	88.2
1949-50	18.9	59.6	12.1	90.6
1950-51*	5.2	17.7	16.6	39.5
1951-52* .....	.4	4.3	16.7	21.4
1952-53	7.4	32.6	17.9	57.9
1953-54	8.3	47.5	21.2	77.0

*In 1950-51, 17.9 per cent of the crop of red spring graded tough and 3.6 per cent damp.

In 1951-52, 35.1 per cent graded tough and 13.3 per cent graded damp.

A detailed breakdown of these inspections according to where they ultimately were graded when dry is not available.

Mr. Robinson asked a question concerning the location of the eastern elevators, and the locations are as follows:

Storage capacity and location of eastern elevators—storage capacity is quoted at current level, as licensed by the Board.

Location	Name	Capacity Bu.
Collingwood	Collingwood Terminals	2,000,000
Midland	Canada Steamship Lines.....	3,016,000
	Midland Simcoe	4,250,000
(Tiffin)	Renown Investments	900,000
	Canadian National Railways Elevator	4,650,000
Owen Sound	Great Lakes Elevator.....	4,000,000
Port McNicoll	C.P.R. Elevator	6,500,000
Goderich	Goderich Elevator and Transit.....	3,000,000
	Upper Lakes and St. Lawrence.....	1,600,000
Sarnia	Sarnia Elevator Company.....	5,400,000
Walkerville	Hiram Walker and Sons.....	1,325,000
Port Colbourne	National Harbours Board.....	3,000,000
	Maple Leaf Milling.....	2,250,000
Humberstone	Robin Hood Flour Mills.....	2,000,000
Toronto	Toronto Elevators	4,000,000
Kingston	Canada Steamship Lines.....	2,350,000
Prescott	National Harbours Board.....	5,500,000
Montreal	National Harbours Board.....	15,162,000
	Dominion Elevator	750,000
Sorel	North American Elevator.....	3,000,000
Three Rivers	Three Rivers Grain.....	5,000,000
Quebec	National Harbours Board.....	4,000,000
St. John	Canadian National Railways Elevator	500,000
West St. John	C.P.R. "B"	1,000,000
	C.P.R. "H"	1,576,800
Halifax	National Harbours Board.....	4,116,000

Total Licensed Capacity of Eastern Elevators..... 90,845,800 bus.

Mr. BAXTER: With your permission, Mr. Chairman, I will hand this information to the clerk and it can be tabled.

The CHAIRMAN: Yes. I am pleased to advise the committee that the agricultural estimates will not come up in the House until Friday at least, so it will not conflict with our committee meetings for the rest of the week. Mr. Baxter has a brief answer to Mr. Argue's question.

Mr. BAXTER: In reply to Mr. Argue's question, as I mentioned to him this morning, I have contacted Winnipeg and the staff are working on it. The answer will be tabled as soon as possible.

Mr. TUCKER: What about my question?

Mr. MILNER: We have to get the information from Winnipeg so we telephoned tonight.

The CHAIRMAN: We will now adjourn until tomorrow at 10.30 a.m. in this room.

HOUSE OF COMMONS

Second Session—Twenty-second Parliament
1955

STANDING COMMITTEE

ON

Agriculture and Colonization

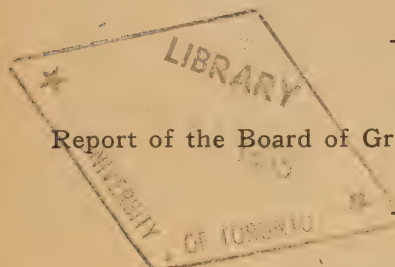
Chairman: RENÉ N. JUTRAS, Esq.,

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

Respecting

Report of the Board of Grain Commissioners for Canada for 1954



TUESDAY, MAY 31, 1955

WITNESSES:

From the Board of Grain Commissioners for Canada: Mr. D. G. McKenzie, Chief Commissioner; Mr. R. W. Milner, Commissioner and Transport Controller; Mr. S. Loptson, Commissioner; Mr. W. J. MacLeod, Secretary; Mr. J. Rayner, Director of Administration; Mr. A. F. Dollery, Chief Grain Inspector; and Mr. E. E. Baxter, Chief Statistician.

From North-West Line Elevators Association: Mr. Cecil Lamont, President.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.

and

Messrs.

Anderson	Gingras	Murphy (Westmorland)
Argue	Gour (<i>Russell</i>)	Perron
Batten	Harkness	Pommer
Boucher (<i>Chateauguay-</i>	Harrison	Poulin
<i>Huntingdon-</i>	Huffman	Proudfoot
<i>Laprairie</i>),	Johnson (<i>Kindersley</i>)	Purdy
Breton	Kickham	Quelch
Bruneau	Kirk (<i>Antigonish-</i>	Roberge
Bryce	<i>Guysborough</i>)	Robinson (<i>Bruce</i>)
Bryson	Leboe	Schneider
Cardiff	Legare	Stanton
Castleden	Lusby	Stick
Charlton	MacKenzie	Studer
Clark	MacLean	Tucker
Decore	Mang	Villeneuve
Demers	Masse	Weselak
Deslières	Matheson	White (<i>Middlesex East</i>)
Diefenbaker	McBain	White (<i>Waterloo South</i>)
Dinsdale	McCubbin	Wylie
Fontaine	Michaud	Yuill—60.
Forgie	Montgomery	

(Quorum 15)

E. W. Innes,
Clerk of the Committee.

ERRATUM

Proceedings No. 1, May 13 and 23, 1955

Page 23: Questions attributed to Mr. Palmer are those of Mr. Pommer, M.P.

MINUTES OF PROCEEDINGS

TUESDAY, May 31, 1955.
(11)

The Standing Committee on Agriculture and Colonization met at 10.30 o'clock a.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Argue, Batten, Bryce, Bryson, Castleden, Charlton, Decore, Deslières, Diefenbaker, Dinsdale, Gour (*Russell*), Harrison, Jutras, Leboe, MacKenzie, Mang, Masse, Michaud, Pommer, Purdy, Quelch, Robinson (*Bruce*), Studer, Villeneuve, Weselak, White (*Middlesex East*), White (*Waterloo South*), Wylie, Yuill.

In attendance: From the Board of Grain Commissioners for Canada: Mr. D. G. McKenzie, Chief Commissioner; Mr. R. W. Milner, Commissioner and Transport Controller; Mr. S. Loptson, Commissioner; Mr. W. J. MacLeod, Secretary; Mr. J. Rayner, Director of Administration; Mr. A. F. Dollery, Chief Grain Inspector; and Mr. E. E. Baxter, Chief Statistician.

The Committee resumed consideration of the Annual Report of the Board of Grain Commissioners for Canada for the year 1954, the officials of the Board answering questions thereon.

Sections of the Report relating to *Inspection of Grain—Appendix F, Grain Drying, Research—Appendices M. and I. Committees on Grain Standards—Appendix B, Complaints on Export Shipments, Weighing of Grain—Appendix G, Weighover of Stocks—Terminal and Eastern Elevators—Appendix A Terminal and Eastern Complaints, Statistics—Appendix H*, were considered and adopted.

At 12.30 o'clock p.m. the Committee adjourned until 3.30 o'clock p.m. this day.

AFTERNOON SITTING (12)

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Argue, Boucher (*Chateauguay-Huntingdon-Laprairie*), Bryce, Castleden, Charlton, Forgie, Gour (*Russell*), Harrison, Huffman, Johnson (*Kindersley*), Jutras, Kickham, Mang, Masse, Matheson, McBain, McCubbin, Pommer, Purdy, Quelch, Robinson (*Bruce*), Stick, Studer, Tucker, Villeneuve, Weselak, Wylie and Yuill.

In attendance: From the Board of Grain Commissioners for Canada: Mr. D. G. McKenzie, Chief Commissioner; Mr. R. W. Milner, Commissioner and Transport Controller; Mr. S. Loptson, Commissioner; Mr. W. J. MacLeod, Secretary; Mr. J. Rayner, Director of Administration; Mr. A. F. Dollery, Chief Grain Inspector; and Mr. E. E. Baxter, Chief Statistician. From *North-West Line Elevators Association*: Mr. Cecil Lamont, President, and Mr. C. B. Shepard, General Counsel.

The Committee continued consideration of the Annual Report of the Board of Grain Commissioners for Canada for the year 1954, the officials of the Board answering questions thereon.

The Sections relating to *Information Program, Storage of Foreign Grain for Reshipment from Canada, Lake Freight Rates, Transport Controller, Canadian Government Elevators—Appendix J, Organization and Personnel, Expenditure and Revenue—Appendix K*, were considered and adopted.

Mr. Baxter supplied tables, showing *Stocks in Store in Public Country Elevators*, as requested by Mr. Argue. (See Appendix "A" to this day's Evidence.)

The officials of the Board were thanked by the Chairman and retired.

Mr. Lamont was called and he presented a prepared statement on behalf of his association.

At 6.00 o'clock p.m., the Committee adjourned until 3.30 o'clock p.m. Wednesday, June 1.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

TUESDAY, May 31, 1955.
10.30 A.M.

The CHAIRMAN: Will you turn to page 13, "Inspection of Grain"?

Mr. D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners for Canada, recalled:

The WITNESS: Inspection of grain during 1953-54 revealed no severe or widespread degrading characteristics. However, the northern areas of the Prairie Provinces in 1953 harvested some low-grade, immature and frosted wheat, and crops in southern Manitoba and south-eastern Saskatchewan suffered some damage from race 15-B rust which lowered bushel weight of wheat and barley. The central areas of Saskatchewan and Manitoba produced above-average crops and Alberta was average except for hail damage in the west central portion. Harvest weather was good and only slightly over eight per cent of all grain graded into the tough and damp grades as against more than fourteen per cent in the 1952-53 crop year.

The volume of inspections was lower by 25 per cent for primary carlot inspections but was still above the average for the previous ten years. Inspections to vessels totalled 476 million bushels or 120 million bushels less than the previous crop year.

The appendices are on pages 33 to 45, and Mr. Dollery, Chief Grain Inspector, will be able to give any information you desire.

Mr. BRYSON: How do you account for 120 million bushels less being inspected than in the previous year?

The WITNESS: Grain was not moving. The number of carloads inspected was down.

The CHAIRMAN: Is that carried?

Carried.

Mr. ARGUE: I think this information may have been given already. How many samples of grain came to the board in dispute as to grade? Do you have some facilities for that, if there is a disagreement?

The WITNESS: I am not sure that I understand your question.

Mr. ARGUE: "Subject to Grade and Dockage," the thing we were talking about the other day.

The WITNESS: Yes.

Mr. A. F. DOLLERY (*Chief Grain Inspector, Board of Grain Commissioners*): I have a statement here on that, Mr. Chairman and gentlemen. Two-pound samples subject to grade and dockage inspected by inspection branch August 1, 1954, to April 30, 1955, the total was 10,279. That is comparable with the same total in 1953-54 of 8,190. That is 2,000 samples more this year than last.

Mr. ARGUE: Than during the previous year?

Mr. DOLLERY: That is from August 1, 1954, to April 30, 1955, and comparable dates for 1953-54. The farmers and the grain trade are taking advantage of submitting two-pound samples subject to grade and dockage.

Mr. CHARLTON: Mr. Chairman, was all the feed grain coming from the terminal elevators inspected on car coming into the eastern provinces?

Mr. DOLLERY: Do you mean leaving the terminals at Fort William?

Mr. CHARLTON: Yes.

Mr. DOLLERY: Definitely there is no grain that can be shipped from a terminal without it is first weighed and inspected under the Canada Grain Act—definitely inspected.

Mr. CHARLTON: Does that include all feed grain including screenings as well?

Mr. DOLLERY: That is screenings and everything.

Mr. CHARLTON: I think there is another section regarding which I am going to ask some more questions later on.

The CHAIRMAN: Then shall we carry this one?

Mr. QUELCH: I would like to ask a question regarding the method of handling samples sent from local elevators. Does that come under this?

The CHAIRMAN: Yes.

Mr. QUELCH: The general practice is that when there is a dispute on the grade the elevator company sends it to their own company rather than to the Board of Grain Commissioners, unless the farmer insists that that be done. That is the general practice, is it not?

The WITNESS: We have no way of knowing how much is sent to the head offices of the companies.

Mr. QUELCH: The method that is generally used, I believe, is a very slipshod method. You can no doubt say that the farmer is to blame for it because I suppose he has a certain responsibility. What generally happens is that we have a box in the elevator, and as a load is dumped this box is held under the load and a small amount is run into the box. That is put back on a shelf, not locked, and left there. The next time a load is dumped the box is put under the load as it is dumped and you get a few more kernels into the box, and that procedure is carried on until the farmer stops bringing his grain in. But there is no lock on the box. Do you insist that those boxes are locked? I have never seen one that was locked yet.

The WITNESS: We insist on the company providing the boxes and the farmer the lock. If he does not use them then we cannot help it.

Mr. QUELCH: Do you require the elevator agent to lock the boxes?

The WITNESS: Yes, with padlock provided by the farmer.

Mr. R. W. MILNER (*Commissioner, Board of Grain Commissioners*): Perhaps I could read the section, if you would like me to do so.

Mr. QUELCH: Yes.

Mr. MILNER: This is in our regulations:

A fair and proper sample of at least two pounds in weight shall be drawn in the presence of the owner of the grain from the receptacle and forwarded jointly within three days by the owner of the grain and the manager or operator of the country elevator, in a suitable container, properly tied and sealed and marked "Subject to Inspector's Grain and Dockage", to the Chief Grain Inspector or the Inspector in charge of any inspection point, and shall be accompanied by a request in writing of either or both parties aforesaid that the Chief Inspector or the Inspector in charge of the inspection point will examine the sample and report on the grade and dockage that the grain is, in his opinion, entitled to and would receive if shipped to a terminal point and subjected to an official inspection.

The CHAIRMAN: Would you please give the exact reference?

Mr. MILNER: Yes. It is regulation 18, section 14.

Mr. QUELCH: That is sealed and locked when it is sent to the Board of Grain Commissioners but there is nothing there requiring the agent to keep it locked from the time he gets it, is there?

Mr. MILNER: No. The clause in connection with that is in the previous clause, 13. I thought you were talking about the samples sent to the chief inspector.

Mr. QUELCH: No, I am referring to the way they are handled by the elevator up to the time they are sent to you.

Mr. MILNER: I will read the section in regard to that:

In the case of grain where special bin elevator receipts, interim elevator receipts, or interim cash purchase tickets are issued, a proper sample must be drawn from each load by the manager or operator of the elevator at the time of delivery, in the presence of the party delivering same, and such sample must be drawn satisfactorily to both the deliverer and the manager or operator, and all such samples must be placed in a suitable receptacle satisfactory to the Board, and must be properly mixed in such receptacle. The receptacle shall be provided by the manager or operator of the elevator and the sample shall be placed therein in the presence of the owner. The receptacle shall be secured by padlock which the owner of the grain shall provide, and the key of which he shall retain.

The receptacle or receptacles shall, after being locked by the owner of the grain, be kept by the manager or operator of the elevator in a locked cabinet or storeroom, the key of which shall be kept by the manager or operator.

Mr. QUELCH: It is up to the individual farmer then to provide the lock and to lock it?

Mr. MILNER: Yes.

Mr. QUELCH: I think that very seldom happens.

Mr. MILNER: I think in general practice it is not very often done.

Mr. QUELCH: I have never seen it done.

Mr. MILNER: That regulation is posted up in the elevator.

Mr. QUELCH: Should not the onus be put upon the agent, because no farmer likes to insist that it be locked. It looks as though he does not trust the elevator agent. I know I would hate to go into an elevator and say, "I want to lock these boxes." If I felt that way about the agent I should use another elevator.

The WITNESS: I appreciate that, but on the other hand suppose you take away the responsibility from the farmer, what is to convince him subsequently that the sample in the box has not been tampered with?

Mr. QUELCH: You mean there might be another key to the lock?

The WITNESS: Yes.

The CHAIRMAN: What paragraph did you read in section 14?

Mr. MILNER: I read section 14.

The CHAIRMAN: All of 14?

Mr. MILNER: No, the first part of it.

Mr. QUELCH: At the present time it is certainly not a satisfactory method, because if it is intended as a safeguard against tampering then it is no safeguard. There is no safeguard today in the way it is handled at all, if the elevator agent wants to be crooked. I am not suggesting for one minute that they

are. I doubt very much if they would do that, but the purpose of the Act is to make sure that the grain is not tampered with. The way it goes today it does not safeguard it at all.

The WITNESS: We do our best to provide the means of safeguarding, but if they do not take advantage of it we cannot help it.

Mr. QUELCH: No, unless you put the onus on the elevator agent.

The WITNESS: I would be afraid to put it entirely there because I would be afraid the producer would not always be satisfied that the grain he thought was his own was the grain left in the box, if the agent had access to that box at any time when the farmer was not there. Again, like yourself, I am not imputing bad motives to the agent.

Mr. QUELCH: No. There are always two keys to a padlock so I suppose he would have to turn both keys over to the farmer.

The CHAIRMAN: Are there any other questions or shall we carry this?

Mr. ARGUE: I do not know that I can find it now, but I see that of the cars that are re-inspected for grade—page 39, is it?

The CHAIRMAN: Page 39, table F-6.

Mr. ARGUE: That of 15,000 cars re-inspected over 3,000 had grades increased and just 400 had grades lowered. That seems to suggest that the errors are being made on the side of grading too low. What is the explanation for the fact that so many cars had grades raised in comparison with the ones where the grade was lowered?

Mr. MILNER: The chief inspector can answer that later, but most of the cars are loaded to capacity and do not permit of our obtaining a representative sample of the whole car, with the result that we very seldom get a clear inspection at the point where we first draw the sample. During the time it takes for the car that has been sampled in Winnipeg to arrive at Fort William the inspecting officers of the various companies shipping the grain have a chance to look over this sample and ask for re-inspection.

Mr. BRYSON: Is that re-inspected in the car?

Mr. MILNER: No, at unloading.

The CHAIRMAN: Does that carry?

Carried.

Then we go on to "Grain Drying". Mr. McKenzie?

The WITNESS: In 1953-54 only .1 per cent of all grain graded damp and 8.2 per cent graded tough. Accordingly, drying was not as extensive as in the previous year. Only 35.8 million bushels were artificially and naturally dried as compared with 62.2 million bushels during the previous crop year. Of the 1953-54 total, 8.5 million were dried artificially and 27.3 million bushels were dried naturally. Details on drying by point and grain are given in Table H-11 in Appendix H. That is on pages 49 to 58.

The CHAIRMAN: You will find that on page 58, "Tough and damp grain dried, by storage position, crop year 1953-54."

Mr. QUELCH: I can never understand why when tough grain is only slightly tough, and it is going to be dried by mixing, the farmer should be docked 3 cents a bushel or whatever it is. There is no loss in that case at all because in the mixture the tough wheat will go in with the dry wheat and there is no loss at all.

Mr. MILNER: Well, now we are going to get into the question of the natural drying of grain. That is what you are introducing?

Mr. QUELCH: Yes.

Mr. MILNER: I think I should say right at the start that all drying of grain in terminal elevators is under the complete control of the Canadian Wheat Board. By that I mean this, that grain when it is unloaded at a terminal point is unloaded and graded by our inspection staff. If it grades tough grain then the grain is unloaded and the warehouse receipt is made out for tough grain. That warehouse receipt is invoiced to the Canadian Wheat Board as tough grain. If there is mixing that occurs afterwards or what you are referring to now as natural drying, it is necessary for the company to buy the tough grain from the Wheat Board and sell the resultant mix back to the Canadian Wheat Board. Not only does that occur in connection with the artificial drying of grain; but it is the same procedure that is followed in all mixing of all grades of wheat in terminal elevators. In the first instance the terminal must buy the grain from the Canadian Wheat Board at the price the Canadian Wheat Board put on it, and the resultant mixture must be sold back to the Canadian Wheat Board at the price that the Canadian Wheat Board is willing to pay for it. What I am pointing out to you is that that whole thing is under the control of the Canadian Wheat Board. Naturally the Canadian Wheat Board will not permit the terminal elevators to dry artificially or naturally dry wheat if they can sell tough grains at a price better than the price at which the terminals are willing to make the mix. In this past year I know of one sale which was made by the Canadian Wheat Board at a spread somewhat less than the price which the terminal thought was a spread sufficient for them to do their natural drying, with the result of course that the Wheat Board refused to permit the terminals to dry the tough grain by any process, natural or artificial. So that again I get back to telling you that if you will look it up I think you will find that the final prices paid by the Wheat Board to producers for tough grain over the years has been a wider spread than that spread which has been charged by the terminals for the process of naturally drying grain, and that leaves you with the inescapable conclusion that the terminals were the best market that the board had for the sale of tough grades of grain, etc.

Mr. ARGUE: Does your report show in some cases what percentage of tough grain purchased was dried?

Mr. MILNER: Purchased where, Mr. Argue?

Mr. ARGUE: I presume by the elevator companies.

Mr. MILNER: No, there is nothing in our report that shows that or in any published statistics.

Mr. ARGUE: So there is no way that this committee can get the information as to what part the Wheat Board allowed the elevator companies to dry?

Mr. MILNER: No, I am referring only to terminals. That is what you were talking about. Now in the case of natural drying in your country elevators, or mixing in country elevators, there is no prohibition against that whatsoever in the Canada Grain Act, as you are well aware.

Mr. ARGUE: But I think it should be made clear that the resulting profit from drying grain artificially, which is merely mixing and bringing a tough down to a dried grade, goes to the company that owns the terminal elevator.

Mr. MILNER: That is correct.

Mr. ARGUE: The Wheat Board may have some jurisdiction over the buying and the selling and the cancellation of tough certificates and so on, but the profit goes to the grain companies.

Mr. MILNER: What profit there is.

Mr. ARGUE: What profit there is, and they do not dry for fun.

Mr. MILNER: No, they do not dry for fun, nor do they mix for fun in a terminal elevator. They mix in a terminal elevator for two reasons: one the

profit reason and the other for the conservation of storage. As you know, you could not handle the crop in western Canada if you did not have mixing of grades in the country and terminal elevators, because there were 328 grades of wheat this last year which the Wheat Board handled. You could not operate terminal elevators with 328 grades of wheat, with special binning on each individual grade. Particularly along about this time of the year I always like to see the terminal stocks cut down so that the terminals can get rid of a lot of this junk they have, and get it out into grades which are salable, but, as I pointed out, those grades are purchased from the Wheat Board at the price that the Wheat Board puts on its as the best price they can get. If they could sell the grades elsewhere at a better price, they would sell them, but they sell them to the terminals and the terminals then make the mix and sell the resultant mix back to the Wheat Board at whatever price the Wheat Board gives them for it. Now, as I say, I am quite confident that you people realize that the Wheat Board would not be doing that if they did not think that that was the best market they had for that type of grain.

Mr. BRYSON: If the 328 grades of wheat bought by the Wheat Board were subjected to a mixing process what would be the resultant number of grades?

Mr. MILNER: I would not even hazard a guess.

Mr. CASTLEDEN: Can you tell us what percentage of the total grain does the Wheat Board buy back? So as to give us a picture of the position in regard to the quantity of mixed grain?

Mr. MILNER: That you would have to ask the Wheat Board. In order to facilitate this operation and in order to help the Wheat Board out in keeping track, shall I say, of mixtures of that nature, in our registration department we register the warehouse receipts in the original instance with one colour stamp, and when we make consolidations or changes in grades due to mixing we put a different coloured stamp on them. It goes back to the Wheat Board in both instances so that they know what the resultant mix was. They know, for instance, that if they mix three grades of grain and they get back a certificate later for another grade of grain, they know exactly what has happened in the mix. Now I do not want to leave the impression that there is a great big profit in the mixing of these lower grades of grain, because the Wheat Board asks these terminals some pretty stiff prices for the grades which are going into the mix. I have had fellows talk to me quite unofficially saying that all the profit in the mix has gone and they have been working for nothing on some of these lower grades, but they were perfectly willing to do it to clean up their space position in their terminal.

Mr. ARGUE: Mr. Wesson told us last year of the advantage in the case of the pool elevators of such natural drying processes in the terminal elevators, and while I cannot quote him he said something to the effect that unless the terminal elevators could do this and come out on the plus side they were not really doing an efficient job. I am wondering if you could give the committee a breakdown of where this drying took place in the various elevator companies. We have a total figure. It must have come from some place.

Mr. MILNER: I would like to look over that and see what it looks like.

Mr. ARGUE: Mr. Baxter I think has the figure.

Mr. MILNER: Certainly if we have it we will give it to you.

Mr. ARGUE: May we have it, then?

Mr. E. E. BAXTER (*Chief Statistician, Board of Grain Commissioners*): If I may suggest it, we would be here most of the morning.

Mr. ARGUE: Because it is all by grades; is that the trouble?

Mr. BAXTER: It is all by grades, yes.

The CHAIRMAN: Exactly what do you want to get at?

Mr. ARGUE: It says here, "Lakehead terminals: 12 million bushels of wheat dried naturally." That is the total. How many did the Saskatchewan Wheat Pool dry and how many did the McCabe elevators dry?

Mr. MILNER: The shortest way I could get it would be to ask those people when I go back. It would be difficult to get it out of our figures here, very difficult.

The CHAIRMAN: These figures here do not give it.

Mr. BAXTER: The only figures I have here are the composite figures for the whole of the lakehead elevators combined, but the figures are available back in Winnipeg. If you wish, I will show this statement to you afterwards.

Mr. DINSDALE: Mr. Chairman, I notice that all damp grain shipped to Churchill was dried by natural process. Mr. Milner, what is the explanation of that situation?

Mr. MILNER: Well, the explanation of that is that the quantity was not large, was it? Is it shown there?

Mr. DINSDALE: A million bushels.

Mr. MILNER: A million bushels?

Mr. DINSDALE: It is on page 58.

Mr. MILNER: What is your question again?

Mr. DINSDALE: I notice that as regards all the damp grain shipped to Churchill there was no artificial drying; it was all dried by natural process at the port of Churchill. Now does that mean that there are no artificial drying facilities there, or what is the explanation?

The CHAIRMAN: What do you mean there was no artificial drying at Churchill?

Mr. ARGUE: It may be they have no method up there of drying it artificially, have they?

The CHAIRMAN: Yes. There were 530,000 bushels dried artificially.

Mr. MILNER: That is what I did not understand.

Mr. DINSDALE: But under the "Damp" column there is a blank.

The CHAIRMAN: Apparently they did not receive any damp wheat there.

Mr. MILNER: They did not get any damp wheat up there. There was a prohibition. That is what I could not understand when you quoted that figure, because we had a definite prohibition against sending damp wheat up there.

Mr. DINSDALE: But there are obviously drying facilities there?

Mr. MILNER: Oh, yes, we have drying facilities.

The CHAIRMAN: They dried 530,000 bushels.

Mr. MILNER: That movement takes place in such a short period that we do not want to use those driers in any case because it would mess everything up if we sent damp wheat up there.

Mr. DINSDALE: I suppose you have more room available at Port Churchill for shifting grain and so on?

Mr. MILNER: No. We have to put through there in about a two-month period 13 million bushels through about a 2½ million plant, and any terminal operator will tell you that that is fancy loading at its best, because when you figure that you have to clean it, and you get the presentation of vessels all in a bunch, it is an awful job moving that quantity of grain through there. If we had to be further worried by damp grain there we would never get that quantity out.

The CHAIRMAN: Are there any other questions?

Mr. DECORE: Mr. Chairman, I notice from the newspaper reports that there are possibilities of new and more effective artificial methods of drying grain. Is Mr. Milner in a position to make any comments?

The WITNESS: You mean on the new methods? No, we have no experience with them at all. They will be studied, though.

Mr. DECORE: They are still in the experimental stage?

The WITNESS: Yes.

Mr. QUELCH: What has been your experience with grain that has been dried artificially on the farms? A number of these commercial dryers are on the market. Is it satisfactory or is there a tendency to have it slightly cooked?

Mr. MILNER: Mr. Dollery can answer that better as to any samples that came through the board. Dr. Anderson put out quite a lot of information in connection with that to people who had them, and we asked the elevator companies to advise us as to the places where these farm dryers were being operated, and then Dr. Anderson went out and inspected them and talked to the operators of the dryers and told them about the amount of heat they should put on and so on, and I think we cut down the losses that would have occurred if we had not taken those steps.

The CHAIRMAN: Mr. Dollery, have you anything to add?

Mr. DOLLERY: On the milling and baking test of samples submitted by the operators of the farm dryers, they did a remarkably good job. There was only one type of dryer which they started to operate in southern Saskatchewan that was not efficient, and that was put out of order, but they did a remarkably good job, all the operators of farm dryers. They did not do any damage to the grain at all. If there was any slight damage they were notified immediately and they adjusted their temperature control and overcame that difficulty.

Mr. QUELCH: It should be a good investment in damp years.

Mr. DOLLERY: If we get another damp crop, yes.

Mr. BRYSON: May I ask Mr. Milner for a little explanation of this item on page 58? I understood him to say that there was no out-of-condition grain sent to Churchill; is that correct?

Mr. MILNER: I did not say that. I said there was no damp grain.

Mr. BRYSON: You had tough?

Mr. MILNER: Yes, and there was some of that tough that was artificially dried, and the balance was naturally dried, to make up that total of 1,342,000.

The CHAIRMAN: Shall we carry this?

Carried.

Then we come to "Research."

The WITNESS: The Board's Research Laboratory has continued quality studies on grain crops sampled at different stages of marketing and handling. Usual assistance was given to the Grain Inspection Branch in evaluating new crops and data on standard and export standard samples were provided to the Western Committee on Grain Standards. The Laboratory also serves as scientific consultants to the Board in complaints and inquiries. During the year this Branch was required to develop a sensitive test to determine presence of mercury in grain to check and control possible entry into commercial channels of grain treated with fungicides.

Research on certain basic factors relating to quality of grain and its products has been carried on and the Laboratory collaborated with plant breeders by testing new grain varieties.

Four crop bulletins and two protein maps have been published and an annual report is in press to provide information to millers and overseas buyers,

and to put on record quality data on grain. In addition, results of research were published in various scientific journals. List of laboratory publications are given in Appendix M and the work of this Branch is dealt with in greater detail in Appendix I. That is on pages 59 to 62.

Mr. ARGUE: Under the title "Research" I wonder what further research has been done into determining the practical method by which protein tests can be made. As you know, western farmers for many years have taken an interest in the possibility of protein grading, and farmers and producers in certain areas feel that their grain on the average is superior to grain produced in other areas, and, therefore, rightly or wrongly, have been very much interested in obtaining grading with the protein factor being considered. Are there any steps, any successful steps to getting a practical method of making a protein grading?

Mr. MILNER: The board has not made any efforts in that way. Dr. Anderson has evolved a somewhat faster method, I believe, of obtaining protein reports on certain grades.

Mr. ARGUE: Dr. Anderson is with the board, he is an official of the board, so the board itself, who are not scientists, are not doing it, but the board is in charge of the work that is being done?

Mr. MILNER: Yes.

Mr. ARGUE: Could you describe the improvements in the protein tests?

Mr. MILNER: I cannot. They are completely technical, and I have not the foggiest idea how they work.

Mr. ARGUE: Is there anybody in the room I wonder who can say? Could you tell me what is the length of time it takes to make the protein test? That seems to have been the difficulty in the past, that a test could not be made rapidly.

Mr. MILNER: Mr. Dollery may know something about it.

Mr. DOLLERY: Gentlemen, I am not a chemist but I do discuss these things with Dr. Anderson periodically and as far as I know no rapid test has been discovered yet. They have been working for months on that thing. The time it takes to make protein tests is around an hour and three-quarters; that is from the time they get the sample, mill it and so on.

Mr. ARGUE: That is a whole lot less than it used to be, is it not?

Mr. DOLLERY: Well, they have streamlined their lab and they can do it a little better, in a little shorter time, but there is no official shortcut to protein tests yet that I know of.

Mr. ARGUE: Do you know whether the essential equipment that makes the test in a hour and three-quarters is relatively expensive or not? The Hal Ross testing equipment has been vastly improved so an elevator agent can make a quick test?

Mr. DOLLERY: Yes, but we have not adopted that yet. We are not satisfied that it is accurate enough unless the test is given on a torsion balance scale.

Mr. ARGUE: There is no comparable machine for protein grading? What is the cost of this equipment, have you any idea?

Mr. DOLLERY: I have no idea. It is standard equipment for people making protein tests.

Mr. ARGUE: Can you tell me to what extent the United States uses protein grading as a method of adjusting the price on their wheat?

Mr. DOLLERY: They do not grade on protein content any more than we do, but they use the protein content on samples submitted in the sample market. That is a different setup entirely.

Mr. ARGUE: Am I right in thinking that companies in the United States buying wheat of a high protein content often pay a premium for protein?

Mr. DOLLERY: I presume that is right. They select that in the sample market. I believe some of you gentlemen have been to Minneapolis or Kansas. They have a huge room and the samples are set out on the table — Mr. Milner will correct me if I am wrong —

Mr. MILNER: Yes.

Mr. DOLLERY: — — and there is the grade on the ticket and the sample, and the protein test is made when it is submitted, but they do not establish the grade any more than we do on the protein basis.

Mr. BRYSON: You spoke about the Hal Ross tester using the pressure method. I notice that many operators still test grain on moisture content. Do you recognize a margin of safety as to what the tester actually tests, or is that up to the individual man who is operating it?

Mr. DOLLERY: That is the way it should be operated according to the instructions, but in my opinion the first thing you should have when you work with a Hall Ross machine is a torsion balance scale. I am not underestimating the value of the machine in the country; I think it is a splendid machine and a great help to the elevators.

Mr. QUELCH: What is that, the oil filter?

Mr. DOLLERY: It is an electric machine, and it gives a very good range of the moisture. Our lab. has been experimenting with the use of the torsion balance scale on which you can weigh two kernels of wheat and can get a much more accurate weight, but I think the Hal Ross machine is a wonderful machine for the agent in the country.

Mr. CASTLEDEN: Is it more efficient than the other?

Mr. DOLLERY: Yes.

Mr. ARGUE: Are purchasers of wheat able to get any idea of the protein content of the grain they are purchasing? Is a buyer of Canadian wheat able to make any selection by any means as to the protein content of the sample he is purchasing?

Mr. DOLLERY: I will put it this way, the cargo of wheat arrives in England. They immediately take a sample of that and submit it to one of the cereal chemists in Great Britain, and they make their own protein tests.

Mr. MILNER: All cargoes leaving Fort Wililam are portein tested by our research lab. We know what the protein content is of every cargo that leaves Fort William.

Mr. ARGUE: Do the buyers have any idea when they are buying the grain whether or not a certain cargo is likely to have a greater protein content?

Mr. MILNER: No, we sell on certificate final and that is only with reference to the grade.

Mr. STUDER: And there is no relationship between the protein content and the grade?

Mr. MILNER: None whatever in our methods of inspecting grain.

Mr. MANG: Is it true that if an overseas buyer wanted to be certain of buying high protein content wheat, he could have a sample taken and could bargain on that basis?

Mr. MILNER: I do not know whether or not the Wheat Board would sell it to him on that basis. It is a question which has often arisen, and there is a wide divergency of views on it. It is a question of whether it would be a good policy in the interest of the producers, for instance, to permit the picking out of high protein samples for a small premium and then leaving the balance

of your crop with a low protein content to compete with other wheats from other countries. I think the net result in dollars would be bad for the producer in western Canada, and there would be very little benefit.

Mr. POMMER: Would the United Kingdom purchasers be prepared to pay a high premium?

Mr. MILNER: At times perhaps in the years in which they need it, but it would leave you with a low protein crop which would be directly in competition with filler wheat such as Australian wheat and other wheats.

Mr. BRYSON: Do millers in Canada not designate certain areas where there is a high protein wheat in filling their orders?

Mr. MILNER: This is a wheat board subject but I know something about it and I do not mind telling you because they will tell you the same thing. They will buy wheat from certain areas, and make protein tests and say, "If possible, we would like wheat from this area." That is a natural and a proper thing to do because these mills have sold flour of a certain protein content and you would not want to do anything to stop the export sales of flour nor would the Wheat Board. That is one of the important parts of getting rid of grain in Canada to certain countries, and I think Mr. McIvor told you that the Philippines and one or two other places were buyers of high protein flour. In order that Canada may have that market, our millers must mill high protein wheat. I think it would be unfortunate if they were prevented from doing so, but the effect of this by statements which we have had prepared by Dr. Anderson up until this year indicates the difference is .1 per cent in the protein had these grades not be taken out and left in the stream. Can you follow what I mean? If the grain had not been taken out for protein by the mills but left in the stream, the average protein content would have been just .1 per cent higher. This last year, due to the fact that we had a relatively low grade crop, the taking out of the higher protein had a greater effect than in ordinary years, but still it has not had as great an effect on the average protein as the benefit of getting rid of extra wheat in the form of flour.

Mr. BRYSON: I do not mean it should be taken out, I mean someone should get some extra compensation for that quality of wheat—the farmer, for instance. Can you tell me when an area is designated as having a certain protein content, would that be an accurate indication, for the farmers' purposes, for saying that wheat coming out of the Unity or the Melford area would normally have a certain protein content?

Mr. MILNER: There would be variations within the area.

Mr. STUDER: Each year would have to be designated differently?

Mr. MILNER: We publish protein maps, as you know.

Mr. ARGUE: When a country buys Canadian wheat is there any endeavour to see that the grain that is purchased is of a minimum protein content for a given grade?

Mr. MILNER: There is not at the moment. I would not like to discuss that publicly, and if I may be permitted to do so I will answer questions privately later on to anyone who wants to talk about it. We are giving considerable study to this at the present time, and that is one reason why Dr. Anderson is not here.

Mr. ARGUE: You are giving study to which aspect of it—to providing minimum standards or to a quick method by which a protein grade can be made?

Mr. MILNER: The question relates to cargoes—I think if you leave it at that, it would be better, Mr. Argue.

Mr. CASTLEDEN: I have another question on the same section with regard to the Canadian variety of Selkirk wheat. Is it the opinion of your research people that Selkirk wheat will ever replace Thatcher wheat in normal dry weather conditions in western Canada?

The WITNESS: I think the best answer to that question is that in certain years, in Manitoba for instance at this moment, Thatcher is subject to certain types of rust and I think that applies in southern Saskatchewan to some extent, too—

Mr. ARGUE: Yes, southeast.

The WITNESS: —and in these certain areas the grain is subject to these infestations of rust. The Selkirk wheat is standing up but perhaps two or three years from now there may be a new rust variety which will come in to which Selkirk may be subject.

By Mr. Castleden:

Q. I understand all that. My question is: from looking at Selkirk and the opinion of the feed companies in eastern Manitoba and Saskatchewan is it your opinion that in a drier year Selkirk may not be able to stand the drought?—A. I cannot answer that specifically. All we know is that the mills here and in the United States and Britain in collaboration with our own wheat research laboratory have adjudged Selkirk as being the best wheat we have for these areas subject to rust infestation.

Q. I agree with all of that, but I doubt whether it would be a general thing if we returned to normal dry weather conditions in western Canada?—A. That is probably true. There will be areas in western Canada that will stay with Thatcher.

Q. And you can grow Selkirk wheat in large quantity only in periods when we have abnormally large quantities of moisture?—A. That might be true.

Q. Is that the opinion of your research people?—A. We have not been at it long enough to know, but at the moment the opinion is that Selkirk is the best variety for Manitoba and southeastern Saskatchewan. They make no claim for it beyond that.

Q. And under present moisture conditions?—A. Yes, under conditions as they exist.

By Mr. Dinsdale:

Q. On page 61, I notice that Dr. Anderson was a member of the Canadian Grain and Flour Mission to the Far East. I am wondering what is being done to maintain a continuing contact with those countries.—A. Perhaps the best answer I can give to that is to say that at the present time they have a trade fair, I think they call it, over there, and in that particular fair, we have an exhibit of Canadian wheat, and we have our assistant chief grain inspector over there to give them all the information possible about the qualities of Canadian wheat. We are keeping in close touch, because we recognize that Japan—and certain other areas—is one of the greatest potential markets for Canada, and we are certainly not going to pass it up if there is anything we can do to win that market.

By Mr. Argue:

Q. Selkirk wheat may or may not be as good a wheat as Thatcher in the dry years, as far as yield is concerned, but it compares favourably with Thatcher as far as certain qualities are concerned in which a buyer might be interested.—A. That is right. Any new variety introduced as Selkirk was a couple of years ago is subject to all the tests necessary to prove it has the qualities you mentioned which Thatcher has.

Mr. BRYSON: I wonder if now that the treatment of grain for rust of one kind and another has become widespread if it has aggravated the problem so far as you people are concerned with your difficulties in getting mercury free wheat.

Mr. MILNER: No, we have issued all kinds of instructions and there are notices posted in the elevators about it, and we are taking all precautions to see that it does not get into commercial channels.

Mr. BRYSON: Have you noticed more of it?

Mr. MILNER: We were apprehensive this year, because of the lateness of the seeding season. We thought that with some of the grain treated for seed the farmers might then decide to plant oats or barley and it might bring in some treated seed, so we put out some very special warnings about it to the elevator companies.

Mr. QUELCH: Would there be any danger if a small quantity got in?

Mr. MILNER: We have had tests made and have talked to the Department of Health and Welfare and it has been a little exaggerated, but we still have to keep after it.

Mr. QUELCH: On account of the shortage of storage space they might put it in a sack with a hole in it and it might trickle through but it would not do any harm?

Mr. MILNER: I would not think so.

Mr. CASTLEDEN: I have a question concerning macaroni which is mentioned on page 61. Was it as a result of your lab research with Durum wheat in making macaroni, that the new grade of Durum was admitted into macaroni manufacture?

Mr. MILNER: That is right.

Mr. CASTLEDEN: Would that allow for an increase in return to the farmers as a result of that?

The WITNESS: I do not know, but it does protect the reputation of top grades of Durum.

Mr. MILNER: It will all depend on what price the manufacturer puts on it.

The WITNESS: There are certain types of Durum wheat for which we are anxious to retain the reputation.

Mr. WESELAKE: I notice that the Board has lost some of its research staff, and is having some difficulty in filling the vacancies. Would that be due to the shortage of technicians or would it be due to competition from industry in the way of salary?

The WITNESS: I think it might be due in part to both, but mainly to the first suggestion. Once in a while we find that industry will come along and take one of our top men away from us at a salary which we simply could not provide.

Mr. WESELAKE: Is your work being seriously affected by the loss of these men?

The WITNESS: I would not say so. I would like to say at this point that Dr. Anderson develops a wonderful staff and perhaps that is part of the trouble. He develops men so well, that other people want to hire them.

The CHAIRMAN: At the present time there is a chemical to control wild oats which sterilizes the seed. Is sterilized wheat affected in any way, shape or form for the market?

The WITNESS: No.

The CHAIRMAN: Any other questions?

Carried.

"Committees on Grain Standards."

The WITNESS: "Committees on Grain Standards for the crop year 1954-55 were constituted by the Board in accordance with section 25 of the Canada Grain Act. Personnel of the Western and Eastern Committees is listed in Appendix B to this report.

The Western Committee was convened in Winnipeg on October 14, 1954, and again on November 18, 1954, to select and settle standard and standard export samples and to name and define commercial grades of grain in accordance with sections 27 and 29 of the Canada Grain Act. The Committee named and defined a new commercial grade Extra No. 2 Feed Barley to be established effective August 1, 1955. It also recommended that Schedule One to the Canada Grain Act be amended to restrict grade No. 3 Canada Western Amber Durum to Mindum or varieties equal to it in macaroni-making quality, and named and defined a new commercial grade Extra No. 4 Canada Western Amber Durum to be effective from August 1, 1955, subject to amendment of the Canada Grain Act. The Committee also recommended redefinitions for statutory grades of Soybeans as shown in Schedule One to the Act.

The Eastern Committee met in Toronto on August 20 and again on November 25, 1954, to select and settle standard samples of Eastern and United States grain. This Committee also recommended redefinitions for the statutory grades of soybeans as shown in Schedule Two to the Canada Grain Act.

The CHAIRMAN: The names of the members of the committee are mentioned on page 26.

Mr. POMMER: What is the purpose of this?

Mr. DOLLERY: The question of the establishment of an extra grade for barley in the feed class was discussed for two or three years, and it came to a head at the last meeting of the standards committee. It was really brought up to take care of the volunteer growth of other grains in barley. There is a very good quality of barley grown, and it contains some spring wheat or rye as volunteer growth. Normally that would grade down to No. 2 feed. We decided it would not be the right thing to do to revise the statutory grade for No. 1 feed because of the huge demand in Japan for that particular grade which carried only 4 per cent of the total of other material, and the statutory grade on No. 2 feed carried 10 per cent, so we aimed at something in between. It was based on the following definition:

Pursuant to subsection (2) of section 27 of the Canada Grain Act, the Committee on Western Grain Standards at a meeting held in Winnipeg on October 14, 1954, named and defined a commercial grade of Extra No. 2 Feed Barley as shown below, to be established effective August 1, 1955.

Grade Name	Standard of Quality				Maximum Limits of Foreign Material			
	Minimum Weight per Measured Bushel in Pounds	Variety	Minimum Percentage of Variety or Type	Degree of Soundness	Seeds (see Note)	Wild Oats	Other Grain	Total Not to Exceed
Extra No. 2 Feed Barley	47	Any Variety or type or combination of varieties or types	—	Frosted, weather-stained, or otherwise damaged, but sweet. May contain 1% heat damage.	About 2%	4%	8%	8%

NOTE: All grades shall be practically free of seeds and other material removable through a sieve with $\frac{4\frac{1}{2}}{64}$ inch round perforations. The percentage tolerance of seeds specified in the grades shall refer to large seeds, such as wild buckwheat.

Mr. POMMER: It would be of considerable advantage to the producer?

Mr. DOLLERY: Yes.

Mr. CHARLTON: As I understand it all grain coming from the terminal elevators is inspected when it leaves the terminal elevators by car or boat?

Mr. DOLLERY: Yes.

Mr. CHARLTON: To come to eastern Canada?

Mr. DOLLERY: That is correct.

Mr. CHARLTON: You have a committee in charge of changing the regulations in regard to the grades of that feed?

Mr. DOLLERY: We have an eastern committee on grain standards.

Mr. MILNER: They deal only with grain grown in eastern Canada, and not with grain grown in Western Canada. That is handled by the western committee.

Mr. CHARLTON: They have no authority over grain coming to eastern Canada from the west?

Mr. DOLLERY: No.

Mr. CHARLTON: Who has?

Mr. DOLLERY: The western committee on grain standards.

Mr. CHARLTON: They have authority for feed grain coming into Ontario?

Mr. MILNER: They have authority for the quality of the standard of that grain.

Mr. CHARLTON: As it leaves Fort William?

Mr. MILNER: As it leaves Fort William, all grain is inspected by our inspection staff, and therefore conforms to the Act.

Mr. CHARLTON: We were told here last year, that the Board of Grain Commissioners had no authority east of Fort William.

Mr. MILNER: I have not said anything to the contrary. I said we had the authority up to Fort William, and we inspect the shipments out of Fort William.

Mr. CHARLTON: But you set the grades on all that feed going out of Fort William?

Mr. MILNER: Yes, we define the grades.

Mr. CHARLTON: What authority has the eastern committee?

Mr. MILNER: To discuss the question of grades of grain grown in eastern Canada.

The CHAIRMAN: I think the difficulty Mr. Charlton is encountering arises from the fact that this committee only establishes the standards. They are not inspectors or anything of that nature; they set the pattern for the grades for that year.

Mr. CHARLTON: The standard on No. 1 feed screenings is 97 per cent wild buckwheat.

The CHAIRMAN: Why not settle it by having the definition? Mr. Dollery will give the exact definition of what it is.

Mr. CASTLEDEN: As it is today, or as it was a year ago?

Mr. DOLLERY: At the present time, the definition for No. 1 feed screenings under regulation No. 7 of the Board of Grain Commissioners regulations are as follows:

No. 1 feed screenings shall consist of wild buckwheat and broken and shrunken grain and may contain small portions of other seeds of feeding value and wheat scourings. It shall contain not more than three

per cent (3%) small weed seeds, chaff and dust combined, not more than five per cent (5%) ball mustard, not more than six per cent (6%) small weed seeds, chaff, dust and ball mustard combined, not more than eight per cent (8%) wild oats, and shall be cool and sweet.

That is the present definition.

Mr. CHARLTON: That is the present grade No. 1 feed screenings?

Mr. DOLLERY: Yes, it is the present definition.

Mr. CHARLTON: We were told a little while ago that the grade had been changed, but you say it has not apparently.

Mr. MILNER: I think I can handle this. The definition is exactly as stated by Mr. Dollery. We had a complaint from a feeder in the east with respect to a car of graded No. 1 feed screenings. He got a high percentage of buckwheat which was something like 95 per cent. Mr. Dollery brought a sample into my office in the afternoon and showed it to me. I called a meeting of the Terminal Operators Association, and took the sample down together with Mr. Dollery the next day, and said that this sample is not pleasing to buyers in the east for No. 1 feed screenings although it does conform to our Act. I suggested to them it would be good business to give them the type of screenings they wanted with the result that the terminal operators agreed with me, and voluntarily—so we did not have to change the Act during the season—undertook to see that there was at least 30 per cent of broken grain in No. 1 feed screenings shipped east. I will tell you a little about these screenings which everyone laughs about. When this complaint came in screenings were selling at Arthur at \$55 a ton sacked—

Mr. CHARLTON: \$57.

Mr. MILNER: —\$55. I am telling you, so let me give the figure. No. 1 Feed oats were selling for \$58 a ton sacked, and 2 feed barley was selling at \$58 a ton sacked. Any person who knows anything about the business, would not suggest that the No. 1 feed screenings they were getting were of bad quality if they were willing to pay up to within \$3 a ton of No. 1 feed oats and No. 2 feed barley. Wild buckwheat which has been criticized and called very bad names deserves some explanation. I will give you a report from the Department of Agriculture with respect to it as far as feed quality is concerned.

Mr. BRYSON: They do not have to buy it.

Mr. MILNER: This communication is from the Department of Agriculture:

These analyses and a study of wild buckwheat lead us to conclude that this grain, while not highly nitrogenous or very rich in fat, is of very fair feeding value and may be considered an excellent and palatable feed for cattle, pigs and poultry. Theoretically, wild buckwheat seed may be said to possess about seventy-five per cent of the value of wheat for feeding purposes.

Mr. CHARLTON: Who is that letter from?

Mr. MILNER: It is from the Department of Agriculture bulletin No. 36 and was written by Mr. Frank T. Shutt.

Mr. CHARLTON: And they call wild buckwheat a grain?

Mr. MILNER: I read the report to you.

Mr. CHARLTON: It was referred to as grain?

Mr. MILNER: What do you call it?

Mr. CHARLTON: Seed.

Mr. MILNER: Our own grain research laboratory have studied this thing and I have asked Dr. Anderson to get me a report on it, which reads as follows:

Most of the wild buckwheat received as dockage by terminal elevators finds its way into No. 1 feed screenings. The definition of this grade follows:

No. 1 feed screenings shall consist of wild buckwheat and broken and shrunken grain and may contain small proportions of other seeds of feeding value and wheat scourings. It shall contain not more than three per cent (3 per cent) small weed seeds, chaff and dust combined, not more than five per cent (5 per cent) ball mustard, not more than six per cent (6 per cent) small weed seeds, chaff dust and ball mustard combined, not more than eight per cent (8 per cent) wild oats, and shall be cool and sweet.

No. 1 feed screenings is thus a processed product from which the refuse and small seeds have been removed. It is sold for grinding and subsequent use in various feed mixtures.

Analytical data on wild buckwheat show that it is about equal in feeding value to the broken and shrunken grains of other cereals that occur in No. 1 feed screenings. Wild buckwheat is higher in crude fibre than feed grades of barley and lower in protein content. It contains about 3 per cent of crude fat which makes it intermediate between barley and oats in fat content.

Experiments reported in Canada in 1915 show that wild buckwheat is a palatable feed for poultry and is acceptable to horses, cattle and swine up to about half of the grain ration.

Those are the reports we had on wild buckwheat. Under the definition of No. 1 feed screenings they permitted quite a heavy mixture of wild buckwheat, and it was on account of the information which we had in respect to it. There have been many jokes about the wild buckwheat content in No. 1 feed screenings in the east, and I will tell you where the difficulty is, and it was expressed correctly by one of the members recently. The difficulty does not arise in the quality of the grain that leaves Fort William, but in what happens to it when it gets to the feed stores in the east over which we have no control.

Mr. CHARLTON: I do not think many feed stores would take the trouble to add more wild buckwheat to the feed screenings. Are you suggesting that? Certainly if they added anything else they would make it better, I think.

Mr. MILNER: Why do you not like wild buckwheat as feeding—do you object?

Mr. CHARLTON: I agree with you, sir, that the farmers who pay \$55, \$56 or \$57—which I understand they do pay for this—and I do not see there is much we can do about it if they are willing to pay that price for what I call junk.

The CHAIRMAN: But you said it was seed!

Mr. CHARLTON: It certainly cannot compare with the feed oats and barley that you get for practically the same price.

Mr. MILNER: Why do they buy it? You have a "Noxious Weed Act" in the province of Ontario. They are the people to talk to.

Mr. CHARLTON: Surely we will have to have some regulations regarding the shipment of those weed seeds—and I call them "weed seeds" rather than "grain" as referred to in the Department of Agriculture's bulletin—coming into Ontario, and from all over the province to infest our wheat.

This is all gravy for the large elevator companies, and if our farmers want to buy it and pay for it, it is their business, but I think it is ridiculous for 97 per cent wild buckwheat to be shipped into Ontario as feed—

Mr. MILNER: We had one car out of a great many cars.

Mr. CHARLTON: But your regulations allow that—that is what I take exception to. Your regulations allow 97 per cent wild buckwheat in the screenings.

Mr. MILNER: And with the information we had on hand, that was not a bad regulation.

Mr. ARGUE: Why do you not call it buckwheat instead of feed screenings and label it—"97 per cent pure?"

Mr. MILNER: Mr. Argue, I cannot say what I want to. This thing has been banged around until I am fed up with it. You may have a record from Mr. Dollery on the quality on the No. 1 feed screenings subsequent to our meeting with the terminal elevators.

Mr. DOLLERY: Yes, I would like to put that before this committee, because I think it would change their attitude.

Mr. MILNER: I doubt it.

Mr. ARGUE: Order, gentlemen!

Mr. CASTLEDEN: A question has been asked as to why the farmers were buying it.

The CHAIRMAN: Excuse me, but I think Mr. Dollery has something to put on the record on the subject we are dealing with.

Mr. CASTLEDEN: This is on the same subject. I asked the same question, "Why do the farmers buy it?" They buy it because they have received No. 1 feed screenings as defined by the Board of Grain Commissioners and quite frequently they got 40 per cent or 50 per cent cracked grain, oats, and maybe some shrunken grain.

The CHAIRMAN: Mr. Dollery is going to place on the record exactly what they got for No. 1 feed screenings.

Mr. CASTLEDEN: And suddenly they receive this 95% buckwheat—

Mr. MILNER: One car!

Some Hon. MEMBER: Oh, oh.

Mr. DOLLERY: Mr. Chairman, I must admit I received a letter about the No. 1 feed screenings and I admit it is the only letter of complaint I have received. There was so much wild buckwheat in the component parts. These are the various terminals at Fort William. I will just give you the percentages of broken and shrunken grain: 49 per cent—47½ per cent wild buckwheat and the next car contained 63 per cent of broken grain. On April 4 there is another car 63 per cent of broken grain, 56 per cent of broken grain, 65 per cent of broken grain, 66 per cent of broken grain, 67 per cent of broken grain, 69 per cent of broken grain and so on. That is the way the terminals are putting out No. 1 feed screenings.

Mr. ARGUE: What is the lowest amount you have?

Mr. DOLLERY: The lowest was the one you quoted, from the lakehead to Kenilworth, 95 per cent of wild buckwheat and 5 per cent of broken and shrunken grain.

Mr. ARGUE: What is the next one, then?

Mr. DOLLERY: I have not a full record here, Mr. Argue, but there is one here put out on April 26 that had 12 per cent of broken grain.

Mr. CASTLEDEN: Are these spot inspections or is every carload inspected?

Mr. DOLLERY: Every carload, Mr. Castleden.

Mr. CASTLEDEN: You have the record of every car?

Mr. DOLLERY: I have a regular file here, and it is that thick, but I could not possibly read it because it would take all day.

Mr. CASTLEDEN: I would not want you to.

Mr. CHARLTON: The fact that that was so in the case of the majority of those cars, we will say, 50 per cent or better, does not alter the fact that the regulation allows 97 per cent?

Mr. MILNER: I can answer that point quickly. The regulation will be changed as from July 31 and we have told everybody in the east that it must contain 35 per cent of cracked and broken grain.

Mr. CHARLTON: That is good news.

Mr. ARGUE: You told us some time ago that at some point you discussed with the terminals, I presume, a new grade standard, and they said that they would do the best they could to see that they abided in advance, with the standard that you are going to set up. Could you give us an idea of about what date that was, just roughly, the date you discussed this with them—within a week or two?

Mr. DOLLERY: It was about the third week in April, Mr. Argue.

Mr. MILNER: I thought it was earlier than that.

Mr. ARGUE: The reason I asked that question is this: are these board statistics that have been given to the committee?

Mr. MILNER: No, these statistics were the cars that went out before we approached the terminal operators.

Mr. ARGUE: Before?

Mr. MILNER: Yes.

Mr. ARGUE: That is the point I wanted.

Mr. POMMER: While you are on the subject of screenings, what happens to the screenings at Churchill? Are they disposed of?

Mr. MILNER: They are the property of the National Harbour Board and they are sent back in carload lots. That is the general thing—some of them are burned.

The CHAIRMAN: Can we carry this?

Mr. BRYCE: It is a very unusual occurrence when you find so many western members fighting for the rights of eastern members. It is most unusual, and there must be something radically wrong when they go to their assistance like that. The eastern members have lots of things to say about us western members when we fight for anything in connection with grain, but here is something that the Board of Grain Commissioners does: they sell that grain. If the eastern buyer could get the grain as it is sold and governed by you then there would be nothing wrong, but there is some adulteration which takes place in the grain once the carload is divided up. The only way you could solve that is for your jurisdiction to be carried into Ontario, which I think you will never get. I do not think they would ever stand for that, so unless they will let you do that then there is no solution to the problem.

Mr. GOUR (*Russell*): I have been in the feed business for thirty-five years and I have only known of two cases: one was No. 1 feed oats and it was invoiced and the bill of lading showed grade No. 1 feed oats, but it was not in the car.

The CHAIRMAN: Will you speak up a little louder, please?

Mr. GOUR (*Russell*): I sent a sample, and I called upon the board, and they sent an inspector. They took a sample and I was refunded reasonably for the goods that were no good. As that gentleman said a moment ago, if we

are to follow a regulation it is up to the west to maintain the standard and abide by it. If we find that the grade is not right it is up to the dealer to make a complaint and find out where we were fooled. I have received grain, and when I thought it was not right and in accordance with the regulations I complained. I do not think anything can be done, except to make your regulations, and for you in the west to make sure that you maintain your standard, and when we buy under those regulations, it is up to us if we find it is not right to make a complaint.

The CHAIRMAN: I am sorry, Mr. Gour, but we are not getting what you are saying. Would you mind standing up? We cannot hear you clearly.

Mr. GOUR (*Russell*): I am sorry. It is my voice. I do not think there is much to be done about it. It is up to the west to maintain their standards, and it is up to the eastern dealers to return samples and make complaints. As for the No. 1 screenings, if you are able to go up to a 50 per cent minimum cracked grain it would be better for the people who do not know how to buy feed for hogs. Some people are in ignorance of buying, and those people who buy poor feed for their hogs do so not because they are too poor, but rather because they have not the knowledge of buying. It is those people who have to be careful, and someone, some cooperatives or some individuals are not always too careful. It is the same in the west and the same all over the world. Therefore the better you make your screenings the better it will be. As I said, if you could put it at 50 per cent minimum of cracked grain that would be a good percentage to set.

The CHAIRMAN: Are there any other questions?

Mr. CHARLTON: With regard to the statement made by Mr. Bryce, I do not think I can let that go. I am not here to protect any feed merchants; they do not need protection by me, but I would suggest that a feed merchant adulterating No. 1 feed screenings is going a little too far.

Mr. CASTLEDEN: I would like to ask Mr. Gour a question. His statement was that feeding buckwheat to hogs was not a good feed.

Mr. GOUR (*Russell*): No. It should be mixed up with barley or oats in a balanced feed.

Mr. CASTLEDEN: Up to what percentage of buckwheat would you think?

Mr. GOUR (*Russell*): I think 25 per cent is plenty.

Mr. CASTLEDEN: We have had the report read out here this morning, from the Department of Agriculture and according to the report of the Department of Agriculture buckwheat was just as good as the other: it was a palatable feed and acceptable to hogs.

Mr. GOUR (*Russell*): I consider that I am an expert in feeding.

Mr. CASTLEDEN: I am very glad to have your views. It is exactly what I wanted to find out, that in the practical application of feeding buckwheat, 95 per cent does not make good feed for hogs.

Mr. GOUR (*Russell*): The least number of hogs I raised was 20,000.

Mr. BRYSON: I would like to ask Mr. Dollery a question. I would just like to make the one comment that this 63 per cent of broken grain which he speaks of, after all is just dockage—the elevator companies get \$55 a ton for nothing. The question I would like to ask is this: after listening to the analysis of No. 1 feed screenings at \$55 a ton I am rather suspicious when I hear a price of \$58 a ton quoted for No. 1 feed oats. Would you give us the analysis of what No. 1 feed oats is in western Canada and give us the analysis of No. 1 feed oats when it gets into eastern Canada?

Mr. MILNER: There is no difference.

The CHAIRMAN: Does that answer your question?

Mr. BRYSON: No. I would just like him to give us the analysis.

The CHAIRMAN: You want the standard?

Mr. MILNER: All you get is the grade definition.

Mr. DOLLERY: The grade definition of No. 1 feed oats is: minimum weight per bushel 34 pounds domestic oats, any variety; degree of soundness, reasonably well matured, but frosted, stained or otherwise damaged; may contain 2 per cent of heat damage. May contain 2 per cent seeds. That is going back to your wild buckwheat again. Wild oats, 7 per cent, other grains 12 per cent, total not to exceed 12 per cent. That is the definition for No. 1 feed oats.

Mr. CHARLTON: Are there any small seeds in that at all?

Mr. DOLLERY: No, no big weed or wild mustard.

Mr. BRYSON: The maximum is 12 per cent of dirt.

Mr. DOLLERY: No, definitely not.

Mr. MILNER: Definitely not dockage.

Mr. BRYSON: The farmer would be docked for this 12 per cent.

Mr. MILNER: Why would he? It is allowable in his gross.

Mr. QUELCH: If that is 12 per cent of wheat it would go over 34 pounds per bushel.

Mr. DOLLERY: No. I quoted the minimum weight. Some No. 1 feed weighs up to 45 pounds per bushel.

Mr. CHARLTON: I wonder if we could get the regulation for No. 3 commercial oats.

The CHAIRMAN: You mean No. 3 feed.

Mr. DOLLERY: It is a statutory grade; it is in the Canada Grain Act. There is no minimum weight per bushel. That means to say it could weigh 10 pounds and you would have to grade it No. 3 feed. Varieties: domestic oats any variety light weight, immature. Damage: may contain 5 per cent of heat damage and contain 3 per cent of large seed. That is your wild buckwheat. 25 per cent of wild oats, 23 per cent of other grains, total not to exceed 33 per cent.

Mr. CHARLTON: No small seeds.

The CHAIRMAN: Shall we carry this?

Mr. ARGUE: If a farmer goes into the elevator with a load of what ordinarily would be No. 2 Northern wheat and it has in it 4 per cent cracked grain, what happens?

Mr. DOLLERY: Do you say No. 1 Northern?

Mr. ARGUE: No, No. 2, Northern.

Mr. DOLLERY: In No. 2 Northern they carry up to 5 per cent of broken grain after cleaning, but any broken grain that passes through that No. 10 sieve—you know the No. 10 wire sieve, you have seen them in the country elevators—is classed as dockage, and that is where the terminals get sufficient broken grain to go into your No. 1 feed screenings.

Mr. ARGUE: From the dockage?

Mr. DOLLERY: From the dockage, certainly.

The CHAIRMAN: Shall we carry this?

Mr. QUELCH: When a man buys No. 1 screenings is it possible for him to get a sample of the screenings before he buys them, because there seems to be such a tremendous variation in them that the standard itself does not tell him very much. He does not know whether he will get a large or small percentage of cracked grain.

Mr. MILNER: I do not think there is anything to prevent a buyer in the east asking them to send a sample before he buys.

Mr. QUELCH: He would have the assurance that the carload shipped would be up to that sample.

Mr. MILNER: He would have the assurance of the reputation of the firm he was dealing with.

The CHAIRMAN: Shall we carry this? I am sorry, but there is a bit of cross-fire, which is too much for the stenographer and I will have to ask you to take your turn, if you please.

Mr. ARGUE: If an eastern buyer goes in to a feed company and purchases a few hundred pounds or a few bushels of No. 2 feed barley, and he sends a sample to the Board of Grain Commissioners and it is not No. 2 feed barley, has anybody broken the law?

Mr. MILNER: Yes. We do not permit the use of our grade name in the sale of any grain if it does not come up to that standard. It is not permitted under the Act. I would have to look it up for you, but it is a badly worded thing in any case because the Act says, as I recall it, "unless it can be shown that the person who uses the grade name was of the opinion that it would qualify for that grade", which leaves the thing too wide open to suit me. Section 157 provides:

Any person who makes use of any grade name in dealing with or to describe any grain which does not possess the characteristics by reference to which grain of the grade bearing such name is defined is punishable upon summary conviction...

And so on:

...unless he established that he, on reasonable grounds, bona fide believed that the grain in question had the characteristics required for the grade of which the grade name was used by him.

Mr. ARGUE: In recent years was anyone ever prosecuted under that section?

Mr. MILNER: Not to my knowledge.

Mr. LEBOE: I have just one question. I am not very much acquainted with this grain question but I was just wondering who pays the freight from the local elevator to the terminal elevator on the dockage?

Mr. MILNER: The grain company.

Mr. LEBOE: It is not charged back to the farmers?

Mr. MILNER: No.

Mr. CASTLEDEN: We have established the fact that the cracked and broken grain which is in this No. 1 feed screening is obtained as dockage from the farmers in the west. Is that not true?

Mr. MILNER: Yes.

Mr. CASTLEDEN: With regard to the wild buckwheat, is that bought or is that also just a dockage that is taken off the grain in the west?

Mr. MILNER: Ninety per cent of the time it is dockage.

Mr. CASTLEDEN: Then 90 per cent of the buckwheat is dockage and 100 per cent of the small grain is dockage, so what they bought as No. 1 feed screenings at \$55 a ton is really the western dockage for which the farmer gets nothing.

Mr. MILNER: Delivered in the east.

Mr. CHARLTON: A question was just asked about the freight from the country elevator. As I understand it this grain is not cleaned. Is the dockage all taken out at the country elevator?

Mr. MILNER: The farmer is paid for the net bushels.

Mr. CHARLTON: But is the dockage taken out at the country elevator?

Mr. MILNER: No.

Mr. CHARLTON: It is taken out at the terminal elevator?

Mr. MILNER: Yes. Sometimes it is taken out at the country elevator, but that is very unusual.

Mr. CHARLTON: Most of it is taken out at the terminal.

Mr. MILNER: That is right.

Mr. CHARLTON: And the Wheat Board pays the freight from the country elevator to the terminal.

Mr. MILNER: On net bushels, not on dockage.

Mr. CHARLTON: Wait a moment now. This is getting too complicated. The Wheat Board just pays on the net weight?

Mr. MILNER: Yes.

Mr. CHARLTON: And the elevator company pays the difference?

Mr. MILNER: Yes, that is right.

Mr. CHARLTON: The farmer is charged back the freight through the Wheat Board?

Mr. MILNER: Yes, certainly on the price he receives at the country point, and the freight differential that exists between there and Fort William.

The CHAIRMAN: He is paid on the net. Are there any other questions?

Mr. WESELAK: I gathered from your reply to Mr. Castleden's question that the farmer is not paid for all the seeds which go into the feed screenings, but in the grades where there is a certain allowance for foreign seeds that come out in going through the feed screen, the farmer has been paid within the grade.

Mr. MILNER: Certainly there are cases of that, yes, when the grade is changed later.

Mr. WESELAK: They are up-graded?

Mr. MILNER: Yes.

The CHAIRMAN: Shall we carry this?

Carried.

Then we come to "Complaints on Export Shipments."

The WITNESS: Twenty-nine complaints in respect to overseas shipments were received during the year and two unsettled cases were brought forward from the previous year. This compares with seventeen complaints on overseas shipments handled in 1953. After thorough investigations, disposition was as follows:

	Quality	Shortage
No cause of reported discrepancy found ..	—	19
No grounds for complaint	8	—
Not yet disposed of	1	3
	—	—
Totals	9	22

The CHAIRMAN: I think we can take that table as read and include it in the record; is that agreed?

Agreed.

Then shall we carry this?

Carried.

"Weighing of Grain".

The WITNESS: All grain received from licensed terminal elevators was weighed by the Board's weighing staff in accordance with sections 33 and 124 of the Canada Grain Act, and the same service was provided at licensed mill elevators on request. Officers of the Weighing Branch also inspected scales and equipment, and investigated outturn shortages on vessel shipments. Details of the work of this Branch are given in Appendix G.

The CHAIRMAN: Can we carry this?

Carried.

"Weighover of Stocks—Terminal and Eastern Elevators."

The WITNESS: In accordance with sections 139 and 140 of the Canada Grain Act, 34 terminal and 19 eastern elevators were weighed over during the 1953-54 crop year. Due to large stocks in store, the Board deferred weighovers into the next crop year at 13 terminal and 6 eastern elevators under authority of section 141 of the Canada Grain Act. One elevator at change of ownership was sounded by the Board's weighing officials and found empty.

Results of annual weighovers are given in Tables A-1 to A-5 of Appendix A. These weighovers did not disclose any excessive overages as defined by the above sections of the Act. And they are found on pages 46 and 47.

The CHAIRMAN: That is on page 19.

The WITNESS: I am sorry, I had the wrong numbers there.

The CHAIRMAN: The tables of these weighovers are on page 19 following appendix A. There is nothing very much in here. It has been pretty well covered already, I believe. Can we carry this?

Carried.

"Terminal and Eastern Complaints."

The WITNESS: In 1954 the Board received seventeen complaints in connection with handling of grain at terminal elevators and shipment to Eastern Canada. All related to outturn shortages. In addition, six uncompleted cases were brought forward from the previous year. This compares with thirty-two complaints handled in 1953. Disposition was as follows:

	Quality	Shortage	General
No cause of reported discrepancy found.....	—	11	1
Settlement effected.....	1	6	—
Not yet disposed of.....	—	4	—
Totals.....	1	21	1

The CHAIRMAN: That is very short. Shall we carry that?

Carried.

"Statistics."

The WITNESS: Statistics relating to Canadian grain movement collected and compiled by the Board's Statistics Branch and other work of this Branch, are presented in Appendix H of this report. A list of statistical releases and publications are given in Appendix M.

Appendix H is on page 49.

Mr. ARGUE: In the appendix you have listed one publication, "Daily Lakehead Traffic Report." What does that contain? Have you one here that we could take a look at?

Mr. BAXTER: I have, sir.

The CHAIRMAN: Were you referring to the Daily Lakehead Traffic Report?

Mr. ARGUE: Yes.

Mr. BAXTER: It is a mimeographed publication.

The CHAIRMAN: Here it is.

Mr. ARGUE: Could you explain to the committee what it is?

Mr. BAXTER: We receive each day from the lakehead terminals the details of the receipts and shipments and this report summarizes them. First of all the number of cars received according to each individual grain, and according to the railways and the number of cars loaded out. The total receipts in bushels and the shipments, according to lake or rail, and a tentative distribution of those shipments. I say tentative because at that time on vessel movements there is always the possibility of diversions after they clear the St. Mary's river, so we cannot give the exact distribution. We break it down according to the lower lakes and so on.

Mr. ARGUE: And it shows whether there is a quarter of a million bushels to the U.K. and 100,000 somewhere else?

Mr. BAXTER: No, this is directly from lakehead. We would not then have the information as to the ultimate destination overseas. This is just moving down on the way to eastern Canadian elevators for subsequent reshipment overseas, or to the states.

Mr. ARGUE: What information do you have or do you publish showing shipments for export by destination?

Mr. BAXTER: That would be in our export bulletin which is published at the end of the month.

Mr. ARGUE: The Winnipeg *Free Press* at least once a week if not more often says what has been shipped in the past three days or even for that day we will say; they say that 2 million bushels of wheat were loaded and the destination was: half a million to Japan and one million to the U.K. and so on. Where do they get those statistics?

Mr. BAXTER: They probably obtain them from private sources, or from the Wheat Board. We have this information from the combined reports of the eastern elevators, who submit daily loading reports, and we also get them for the Pacific coast elevators and the Churchill elevator. We do not tabulate that on a daily basis for release to the trade; that is all put into the composite monthly report.

Mr. ARGUE: Are those figures published by the Winnipeg *Free Press* based upon statistics received from you?

Mr. BAXTER: They do not receive anything from us on a daily basis as to the overseas shipments by destination.

Mr. ARGUE: Or on a weekly basis?

Mr. BAXTER: No.

Mr. ARGUE: What information comes to your office on world sales of wheat?

Mr. BAXTER: The only report we receive on world sales of wheat—you are referring to the Canadian sales in the world market?

Mr. ARGUE: Yes. When the Americans make a sale do you have any facilities for obtaining that information?

Mr. BAXTER: The only information we receive of that is made up of two parts, first of all the F.A.O. movement report which covers the world trade in grains and certain other cereal commodities, and secondly the international wheat sales, which are released in the Canadian Wheat Board bulletin on the sales under the international wheat contract.

Mr. ARGUE: If Japan should buy a million bushels of wheat from the United States today would you not find out about that?

Mr. BAXTER: We would not, no.

Mr. ARGUE: Supposing Canada makes a sale of a million bushels to Japan, do you people find that out?

Mr. BAXTER: We find it out ultimately in tracing the movement particulars for it. I will say this much: we do not have any official information coming forward but I am in reasonably close contact with the shippers, and any time that I see a movement start to develop I will usually try to find out what is behind it in order to verify all shipping particulars, but beyond that, officially, no.

Mr. ARGUE: Well, from your knowledge of the grain business, when a sale is made by the United States is not it flashed all over the grain trade wires in the world, and is not that knowledge public to the grain people interested in it almost immediately?

Mr. MILNER: Yes, but sometimes those rumours are denied the next day, and we would not be putting out statistics on some rumour.

Mr. ARGUE: That is not the thing I was after.

Mr. BAXTER: If I may say so, that perhaps conditions the reasons why we do not record those statistics.

Mr. ARGUE: Would you explain to me what happens? Supposing the Americans sell a million bushels of wheat to Japan today, to whom does that information go?

Mr. BAXTER: It would depend on the type of sale. If it was a sale under the international wheat agreement it would be recorded in the release which comes out from the wheat council. The most definite source in Canada, or at least in Winnipeg, is the bulletin put out by the Canadian Wheat Board which summarizes those council sales. If it were a strictly private deal that had no relation with the international wheat agreement it would not be recorded anywhere until such time as the actual shipment took place and in fact considerably after that date, in the F.A.O. publications on the movement.

Mr. ARGUE: If the Canadian Wheat Board should make a sale of 10 million bushels of wheat to Britain today, when will that information be public information or when will the information be available so that anyone may have access to it?

Mr. BAXTER: That would be a question for the Wheat Board to answer, but speaking generally it would depend probably on the alertness of the newspapers, and whether the Wheat Board wished that information to be made public at that instant.

Mr. ARGUE: I understand that the people in Britain who are buying grain are the trade mainly. When a British grain merchant buys a large quantity of Canadian wheat does not he make that public from that end at all?

Mr. MILNER: A lot would depend on whether he had covered his freight, and a great many things. He would not be advertising that he was in the market for say 10 million bushels of wheat as you just suggested.

Mr. ARGUE: Do I take it from your answer then that there is no information available to anybody in a public way?

Mr. MILNER: Not in a public way. There is a lot of guessing, and a lot of what you might term trade information or trade surmise as to what is happening. It only comes into our records when it is an accomplished fact and the grain moves.

The CHAIRMAN: Shall we carry this?

Mr. CASTLEDEN: I understand that you get a daily loading report from all delivery points?

Mr. BAXTER: No, sir.

Mr. CASTLEDEN: Not on car loadings?

Mr. BAXTER: No, sir. The only information of loadings will appear as our inspection reports come in. We receive inspection reports from all our inspection points throughout the west, which will give information of the movements coming through from the country points. We do not receive a daily loading report from the country elevators.

The CHAIRMAN: Can we carry this?

Carried.

Now I see quite a few looking at their watches. Is it your wish that we adjourn now?

Agreed

Then we will meet at 3.30 this afternoon in the same room.

The WITNESS: May I interrupt? If the committee will wait a minute there are just two or three replies to questions asked yesterday which Mr. Baxter is now prepared to give to you.

Mr. BAXTER: I believe the first question was asked by Mr. Castleden as to the volume of out-of-condition grain; in other words, in the inspections the number of carlots coming through as being in a heated or heating condition. I do not have the carlot information with me. The most readily available information is on the basis of the unloads at the terminal points to which this grain would arrive, and during the crop year 1953-54 there was a total of 3,876,196 bushels of wheat received with a grade description bearing either "heated" or "heating" somewhere in the grade description. That represented slightly over 1 per cent of the total unloads.

The second item, and this I am sure is in answer to you, Mr. Castleden, is that I am ready to table today a summary of country elevator receipts at individual prairie points during the crop year 1953-54. That includes the receipts of wheat, oats, barley, rye and flaxseed at every country point through a country elevator. That is the first portion of your inquiry. I have been in contact with Winnipeg and the office there is proceeding with the tabulation of the other portion of your query.

Mr. ARGUE: Have you any idea when you will have an answer to that question of mine?

Mr. BAXTER: Your question is in the mail, I understand, from my assistant in Winnipeg. The answer to the remaining portion of Mr. Castleden's question will probably take close to a week to obtain; it is an extensive tabulation.

Mr. CASTLEDEN: I wish to express my appreciation. I will be glad to get that information.

AFTERNOON SESSION

May 31, 1955.

3.30 P.M.

The CHAIRMAN: We are on page 16, "Information Program." Mr. McKenzie?

Mr. D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners, for Canada, recalled:

The WITNESS: Continuing the program started in 1953, the exhibit outlining the functions of the Board was displayed at exhibitions and summer fairs at Brandon, Edmonton, Vermilion, Vegreville, North Battleford and Lethbridge for a total of 23 days. Judging by the interest shown and comments received, this project appears to have real value in placing before farmers and others, information about the handling of grain under provisions of the Canada Grain Act. Wide distribution of the booklet *The Farmer and the Country Elevator* was made at these fairs and exhibitions, and distribution has continued throughout the year.

A print of the Board's film "Grain Handling in Canada" which was referred to in last year's annual report, was received in September. The reaction from initial showings indicates that producer audiences find the film informative in outlining the various stages in the handling of grain from producer to export channels. The film has not yet been released for general distribution as the Board requested the National Film Board to make some minor changes. The film will be available early in 1955.

During the early harvest period of 1954 heavy rains and restricted deliveries created serious problems for farmers. The Board's Chief Chemist was requested to prepare and give a series of five-minute radio talks advising farmers on problems of tough and damp grain. Tape recordings were broadcast over eleven stations in Western Canada to inform farmers on harvesting and storing damp grain.

The CHAIRMAN: Are there any questions, or can we carry that?

Carried.

Storage of Foreign Grain for Reshipment from Canada

The WITNESS: Under authority of subsection (29) of section 15 of the Canada Grain Act and Board's Regulation No. 24, the Board continued to restrict entry of foreign grain into Canada for re-export to give priority to the storage of Canadian grain. During the 1954 calendar year in conjunction with the Transport Controller, sixty-seven permits were issued to move 5,891,000 bushels of United States flaxseed, and 10,582,000 bushels of United States corn through eastern elevators.

Stocks of foreign grain at Vancouver carried over into 1954 comprising 150,000 bushels of wheat and barley, were shipped out and no further foreign grain was received at the West Coast during 1954.

The CHAIRMAN: Is that carried?

Carried.

Mr. CASTLEDEN: I would like to ask one question. Is there any stock of grain in Vancouver at the present time?

The WITNESS: No.

Mr. CASTLEDEN: It is all cleaned up?

The WITNESS: Yes.

Mr. CASTLEDEN: There is no foreign grain stored in Canada at the present time?

Mr. MILNER: Not in Vancouver. There are about 410,000 bushels in eastern Canada, but that will be used for domestic purposes. That is not for export purposes. The Canada Starch Company always gets some in there for them at Prescott, and there are small quantities in Montreal and Quebec.

Mr. CHARLTON: Is that all foreign from the United States?

Mr. MILNER: That is all foreign from the United States, I am referring to.

Lake Freight Rates

The WITNESS: No changes were made during 1954 in the maximum rates for carrying grain by lake and river navigation. The maximum rates authorized by the Board's Order No. 19 of February 5, 1951, under authority of the Inland Water Freight Rates Act remained in effect during 1954. A schedule of these rates has been republished as Order No. 20 dated September 28, 1954, which appears in the *Canada Gazette* of October 27, 1954, as SOR/54-468. Information on the 1954 average lake freight rates charged by carriers is given in Table H-10 of Appendix H.

The CHAIRMAN: That is on page 57.

Mr. STICK: Have you considered the possibility of reduced freight rates when you get the St. Lawrence seaway finished? Are you working on that or are you taking it into consideration?

Mr. MILNER: The board is required under the Inland Water Freight Rates Act to set maximum freight rates for the carriage of grain on the Great Lakes, and in that Act it requires that we give consideration to the rates in effect between Canadian and American ports of like distances. We did not alter the rates last year, and the maximum rates which were in effect then are still the maximum rates today, but as you will see from the table the freight was worked at a much lower price. The board itself has not given any consideration whatsoever to the question of freight rates as to what might happen after the seaway is opened.

Mr. STICK: Don't you think you should start work on that now?

Mr. MILNER: We are limited in our authority under the Inland Water Freight Rates Act. We are required under that Act to do certain specific things: that is, we must consider the rates in effect at other places. There will be a time coming when we will be giving consideration to that, but it is not yet.

The CHAIRMAN: Is that carried?

Carried.

Transport Controller

The WITNESS: Commissioner R. W. Milner continued to serve as Transport Controller on a part-time basis. During 1954 he handled most of the transport control work from Winnipeg and spent only a few intermittent weeks in Ottawa.

Mr. JOHNSON (*Kindersley*): How much of the time would the transport controller spend on transport control work as opposed to his duties as a member of the Board of Grain Commissioners?

Mr. MILNER: Well, it varies from day to day. Sometimes I spend a good part of the day on transport control work and very little for the Board of Grain Commissioners. It depends what situations arise, and they change from day to day. I could not give you an estimate of that.

Mr. JOHNSON (*Kindersley*): You feel it is not handicapping you as a member of the Board of Grain Commissioners to be transport controller at the same time?

Mr. MILNER: To the extent that I could be putting more time in on the Board of Grain Commissioners when I am doing transport control work, yes; that must be obvious, but if you are suggesting that the work on the Board of Grain Commissioners is being neglected on account of the fact that I am transport controller, I say no.

Mr. ARGUE: Would you describe to us the kind of work you do as transport controller, the various fields in which you do some transport controlling and what is the general type of the work?

Mr. MILNER: Well, this committee heard the Wheat Board say that I was of very great use to them in moving of grain. I am going to go back now to the original purpose for which I was appointed transport controller. At the time I was appointed transport controller I stated that I believed it to be my duty to see that there were no bottlenecks in the movement of grain or other commodities which come under my responsibility as transport controller, and that I would ensure that grain and grain products would be in export positions to meet sales which had been made by the Canadian Wheat Board or other exporters.

Now, at the commencement of my duties as transport controller there was a very great deal of detailed work in order to put transport control into the position in which it is today. There were a great many changes made in some of the methods of handling grain in the east, and the use of certain facilities. There was practically no clear-cut definition or problem presented to the railways as to what they would be required to do at any specific time. I will say this, that in the last two years there has never been a vessel at any point in Canada which has ever waited for a cargo of grain. In fact 80 per cent of the vessels that have left Canada's export ports have not only not been delayed but they have earned despatch money. All that I think is helpful in the rates which might be charged at Canadian ports.

Now you asked me what I do in the course of a day. That would be very difficult to answer because each day is different, but a great many matters affect the movement of grain. I have all the lake vessel fellows calling me to ask me what do I think is the chance of getting this boat or that boat to a certain place in the Bay. What do I think about the bookings of ocean tonnage. What do I think of the dates of their arrival. Do I think that they should move the next lot of stuff that they are moving to transfer points, or should it go to the bay, and what are the possibilities of getting canallers unloaded at ports down on the river, and the general supervision of the transport of grain as it affects the movement of grain to meet export commitments. So far as the detailed work of the movement of grain as between country points, for about a year and a half, because I thought it was necessary, I did do considerable work in seeing that places where the car requirements were greatest had cars placed there, because I was in constant touch with the railways.

Mr. CASTLEDEN: What period was that?

Mr. MILNER: Up until about eight or nine months ago. I had a good deal of work in connection with those matters.

Mr. CASTLEDEN: That is the eighteen-month period prior to that?

Mr. MILNER: Yes, that is right.

Mr. CASTLEDEN: Thank you.

Mr. MILNER: Now, I do not know what to tell you what I do. I know I am very busy and I know my phone continuously rings to help people out of difficulties in which they find themselves in connection with matters of shipping. I have a fellow ask me can he move American linseed meal, for instance, from Duluth to a mill in Montreal and have it sacked for export. Can they move American corn out of Duluth into Montreal for export, or someone else wants to know can we move grain into, let us say, places like Walkerville and ship it to the New England states for domestic consumption in the United States. It is a never-ending job of settling things in connection with the movement of grain.

Mr. ARGUE: With regard to Canada's export commitments of grain, is there any shortage of vessels for moving the grain now?

Mr. MILNER: From where?

Mr. ARGUE: From Fort William to Liverpool, let us say, or any other place. Is that a real bottleneck, or is it all a matter of sales?

Mr. MILNER: There was a considerable bottleneck when I started, because there was quite a demand from ore movers and for pulpwood and limestone and other commodities, and it was a question of working it out on a basis of ensuring that each of the commodities moved as they were required. Now that is something, since I have been at it, that has straightened itself out to the point that it requires much less attention than it did heretofore. It was a real problem at the start, but the thing has worked itself out now to where it is working very smoothly. Some time ago I appointed a man to act as my deputy in Montreal. That man has since been taken over by the Canadian Wheat Board as their Montreal manager, although I insisted that he remain as my deputy until I was through with him, because my Act only lasts until May of 1956 and then transport control finishes. I do not know that I can give you much more information.

Mr. ARGUE: How many full-time employees operate under this Act?

Mr. MILNER: How many full-time employees?

Mr. ARGUE: Yes.

Mr. MILNER: There is Dan Kane on the west coast and a stenographer, and there is my secretary in Ottawa here and myself.

Mr. ARGUE: You and your secretary divide your time between transport controlling and the Board of Grain Commissioners?

Mr. MILNER: No. My secretary is altogether transport control and works here in my Ottawa office.

Mr. MANG: Would it be fair to ask the commissioner what the procedure is when you get a letter or a request that at a certain station they have not had cars for a long time whereas at some station a little further down the line they have had cars. Just how do you dig that out?

Mr. MILNER: What I usually do is to consult the Wheat Board records, which I guess most of you are familiar with, which show the car requirements at each of the stations in western Canada in order to complete the quota which is in effect at that point. For instance, most of you have written me at one time or another about these things, and what I do in a case of that kind is to look up and see if that station looks as though it has been neglected and if it has I call it to the attention of the railway and say, "I think you are neglecting such and such a station; you should put some cars in there", the cars are placed and that is the end of it.

Mr. JOHNSON (*Kindersley*): In your office of transport controller you deal with other matters than wheat?

Mr. MILNER: Yes.

Mr. JOHNSON (*Kindersley*): You deal with all shipping and all transportation?

Mr. MILNER: I deal with the commodities that are under my Act, which consist of ore, limestone, pulpwood, coal and lumber.

Mr. CASTLEDEN: How about the problem at Churchill of getting a sufficient quantity of wheat into Churchill for the summer shipments, and keeping them full while the ships are coming in?

Mr. MILNER: Of course I am watching that all the time. It is part of my duty. As I have said, there are no vessels waiting at any port in Canada.

Mr. CASTLEDEN: Does that go for Churchill as well?

Mr. MILNER: Yes.

Mr. CASTLEDEN: You are informed how many boats are coming in to Churchill?

Mr. MILNER: I know more about that than anybody, because we have been able to give these ocean-going vessels a very fast turn around at every port in Canada. I think I know within half an hour at any time that there is a booking for any vessel to go out of Canada, so that many times I am better informed than anybody else as to the position. Although the grain may not have been booked by the Wheat Board, I do know what vessels are booked at any given time, and I have good information in that regard, so that I can arrange railway transport and lake transport to meet the commitments.

Mr. CASTLEDEN: How far ahead would you know about vessels arriving at Churchill?

Mr. MILNER: I can give you every vessel that is going to Churchill this year, for instance, at this moment.

Mr. CASTLEDEN: The figure will be up on last year's, will it, or it will be as many as last year?

Mr. MILNER: A little in excess.

Mr. STUDER: Mr. Chairman, Mr. Milner mentioned that if he received a letter of complaint, or whatever the case might be, about some point being neglected he would check with the Wheat Board record if the situation is as had been explained he would ask the railways to do something about it, but what if you do not get any letter?

Mr. MILNER: What if I do not get a letter?

Mr. STUDER: Yes. Is there some system of dealing with that?

Mr. MILNER: The system that is in effect at the present time is this, that as you know, the Wheat Board explained the other day the method by which at the moment they are giving shipping instructions to companies. All I say to the railways in general is this, that in placing cars on orders from companies they will place the cars into those places where the need is the greatest as indicated by these Wheat Board reports.

Mr. JOHNSON (*Kindersley*): Mr. Chairman, I believe there is a section of the Canada Grain Act outlining the qualifications and requirements of a commissioner, and it states rather definitely that a commissioner shall not have any other occupation. Is not there a conflict between your duties as transport controller and your duties as a member of the Board of Grain Commissioners?

Mr. MILNER: There is to the extent that I spoke about some time ago, and the government was fully aware of that.

Mr. JOHNSON (*Kindersley*): Do you receive any extra salary because of this extra responsibility?

Mr. MILNER: I do not. I just get hell from everybody.

Mr. STUDER: Do you think this would be an advantage? Take, for instance, Saskatchewan where there are ten wheat pool divisions. Do you think it would be on advantage if you had an individual under your jurisdiction in each one of those divisions who would have some contact with the situation in that area, if there was direct contact between that individual and you, a person like an elevator superintendent who could have direct contact with you? Would it eliminate some of the differences that exist in regard to local points, and some of the beefs could we call them, or griefs that are in evidence in those areas, and would it regulate the shipments to a better degree, and utilize the boxcars so that they would not go back and forth empty, as sometimes can happen, because I think it is almost out of this world that any individual could have a contact with such a great number of points?

Mr. MILNER: I think I have made it very clear that I never undertook, as an individual, the distribution of cars in that manner.

Mr. STUDER: I am not asking you to do it as an individual between elevators, but as between points.

Mr. MILNER: Even as between points at the present time under the method whereby companies themselves order grain from points, it would do me no good to say that cars should go in there if they were not ordered out of that point by the company.

Mr. STUDER: Has the agent at any particular point considerable to do with it? I mean the railway agent, in connection with his needs, and in contacting the railway company and so forth? One railway agent may be on his toes and working on the problem while another one may not be in the same position; and as a result one point may obtain benefits which would not accrue to the other.

Mr. MILNER: I think the grain companies themselves through travellers and traffic organizations are doing their best to eliminate those differences.

Mr. ARGUE: If your office were abolished tomorrow, and you have said that according to the law unless parliament should extend it—I mean your office as transport controller—should extend it—do you think that would hurt the movement of grain? You said that two years ago your office was very important but that the situation has changed considerably and there is not the same problem today that there was two years ago.

Mr. MILNER: What you are asking me now is: "Am I doing anything worthwhile"?

Mr. ARGUE: No, I do not think that is what I am asking you. I know that a lot of the things you are doing are worthwhile, so we will not argue that point. My question is this: if your office were abolished tomorrow, would the grain still move from the country elevators to the terminals, to the lake ports, and to export markets in sufficient quantity at a time to meet all water demand, or do you think it would break down somewhere along the line?

Mr. MILNER: I think undoubtedly if you did not have one person who had an over-all view of the transportation picture, as I have, you would run into difficulties in the loading of tonnage.

Mr. ARGUE: Do you see anything which would change that situation soon?

Mr. MILNER: A lot will depend on what happens to the surpluses, and so on and the availability of space in the east.

Mr. ARGUE: You have not yet come to the view in your mind, that by the time the Act normally expires there will be no further need for any such power or any such office?

Mr. MILNER: I can only tell you what the railways say and what everybody else has to say about it: that is they know their problem better today

than they ever knew it before, and that they have unquestionably had a lot of assistance in the moving of grain and were able to do it more expeditiously because I can give to them exactly what would have to be done not only for today but for thirty days at a time, so that they could plan their operations, their locomotive power, where the box cars should be allotted, and everything else much better under this basis than they did heretofore.

It is quite possible that some setup could be made with the traffic department of some other body, whereby this thing could be looked after efficiently. I am not of the opinion that I am the only one in the world who can handle this position; but I have had a good deal of experience with it, and it is much easier to handle it today, due to the way it has been organized, than when I first commenced.

Mr. TUCKER: Does Mr. Milner consider that the fact that he is a member of the Board of Grain Commissioners, and is in very close touch with the handling of grain as he is, means that he can do a better job for the grain growers of western Canada than if he were not a member of the Board of Grain Commissioners?

Mr. MILNER: I do not see the force of your question.

Mr. TUCKER: There is continual complaint from some people that under the Canada Grain Act you are supposed only to be a member of the Board of Grain Commissioners, and that complaint has been raised again today. It was raised last year. I felt myself that it was a real advantage to the grain growers of western Canada that the government had made you transport controller, because you were a member of the Board of Grain Commissioners, instead of perhaps some man who was say identified with the handling of ore or something else. I think it was a real concession to the grain growers of western Canada.

In view of the criticism about you being a member of the Board of Grain Commissioners as well as transport controller, I was wondering if you felt that it was any advantage to the grain growers of western Canada that they picked you to be transport controller instead of some man who, it may be, was interested in the mining industry?

Mr. MILNER: I am a modest person.

Mr. GOUR (*Russell*): That is a good advantage for you.

Mr. TUCKER: I am not saying that the railroads opposed you. Have any of the pool organizations or anybody else indicated to you that they are glad that there is somebody who is familiar with the grain trade who is transport controller instead of somebody who knows nothing about it.

Mr. MILNER: I have not had any discussion about it.

Mr. TUCKER: They never indicated any satisfaction with your work?

Mr. MILNER: They have not indicated any dissatisfaction. I do not think any of the pools are dissatisfied with my work.

Mr. CASTLEDEN: At the present time the grain companies receive shipping orders. The set-up is that a company receiving a shipping order will require the railroads to deliver cars to various points. What do they do? Do they appeal to you in case they cannot get the cars? Suppose the railway companies fail to deliver the cars to the point where they wish to have them?

Mr. MILNER: Yes.

Mr. CASTLEDEN: Sometimes they would have shipping orders and could not get the cars. A part of your function would be to see that cars are delivered. You would contact the railway companies and see that cars are delivered to that point.

Mr. MILNER: That occurs quite often. For instance, at the west coast today, actually there are orders out there at the moment for probably three and one half million bushels of grain.

Mr. CASTLEDEN: For export?

Mr. MILNER: For export, to ship from the province of Alberta. I think it would be folly to put as many cars as possible into Alberta at the moment and plug that line of railway on the other side of Field with box cars which could not be unloaded, and for which there is no immediate export requirement. There could be orders in the hands of the companies and in the hands of the railways for shipments which, in the very nature of things, should not be filled at the present time. They should be filled as the requirement occurs.

Mr. CASTLEDEN: You maintain control over that.

Mr. MILNER: I do to this extent: if I see that there are not sufficient cars at Fort William to maintain an adequate supply there to keep the terminals busy, and I consider that number to be in the neighbourhood of 3,300 to 3,500, all I have tried to do is to maintain at the terminals points three times the terminal unloading capacity, or the amount they are unloading at that period. As long as that condition exists, there cannot be said to be any shortage of transportation. There may be a shortage of transportation at Moosomin, or Indian Head, but there is no shortage of transportation in the general sense. That is all I have concerned myself with, to see that the position is maintained. If I were to instruct the railways to increase their car loadings to the point where they had a great many more cars on track than were required, all I would be doing would be to immobilize transportation which would be a foolish thing to do.

Mr. CASTLEDEN: How about delivery points? Suppose there is a delivery point where the pool, or the Federal Grain, or some other company has an order for 100 thousand bushels of No. 4 wheat and it asks the railways to give them so many cars at Indian Head. Suppose they want six cars at their point there, and supposing those cars do not come. Do they appeal to you?

Mr. MILNER: Usually they take it up directly with the railways; but if they get into the position where they cannot get them from the railways, they will call me up and say: "Can you do something for me?" Then I will go to the railways and say: "Why don't you put some cars into Indian Head?"

Mr. CASTLEDEN: And they will send six cars to Indian Head and put one in front of each elevator.

Mr. MILNER: I do not know what they do with them when they get them. As I have said, I have nothing to do with that.

Mr. JOHNSON (*Kindersley*): My question is in relation to Mr. Studer's suggestion and I do not call every request for information a criticism. Mr. Studer pointed out the shortage of box cars and that it should be drawn to the attention of the transport controller. There may be various circumstances contributing to it; the box cars might be spotted down the line at a point, and the individuals at the marketing point would feel that they were getting a raw deal. Nobody has taken the initiative of drawing it to your attention. The situation can exist there for some time before it is finally corrected. It is that problem with which I am concerned, and I was wondering just—in a request for information again—if you had more time to devote to this whole task of transport controller—whether some of that responsibility for checking various marketing points to see that they are getting a fair share of the cars spotted there by the railways in proportion to marketing points on the main line, or on competing lines—whether the situation would be more satisfactory? That is coming down to the other point again: I understand you keep a very

close liaison with the Canadian Wheat Board. I do not see why, if a separate individual were transport controller, this same close liaison could not be held with the Board of Grain Commissioners. Perhaps he could be allotted these duties, these functions, and as Mr. Studer pointed out, that closer checking on individual points could be carried out by him, is that feasible?

Mr. MILNER: I am not going to give a snap answer to a question which is as involved as that. I do think to the extent that you increased your checking on matters of that kind, naturally the effect would likely be beneficial.

Mr. JOHNSON (*Kindersley*): It might be desirable for you to have additional staff?

Mr. MILNER: No.

Mr. JOHNSON (*Kindersley*): To check these various marketing points, as Mr. Studer was suggesting, so that these difficulties or inequalities might be caught at an early stage rather to have them become aggravated and an annoyance to the farmers concerned. Would that be of assistance?

Mr. MILNER: Well, again, I would like to think over how that could be handled.

The CHAIRMAN: Mr. Studer.

Mr. STUDER: Sometimes we are in a position where we cannot see the woods for the trees, or the other way around; but one of the statements made by Mr. Milner was significant, and I think that if the farmers were aware of what was involved, they would be more concerned with the over-all picture which is, of course, the movement of grain.

The statement was that no transport ship at any time waited for grain. I believe that if the farmers were aware of that, at a local point, and made aware of the full picture in regard to what is involved in the operations of the transport controller within his jurisdiction or duties, they would be inclined to leave a little more room before criticizing a local situation as much as they do.

I do not think there is one farmer out of ten who realizes the fact that the transport controller is responsible for these movements, that the ships are under his jurisdiction, and that he is responsible for the movement of ore, coal, timber and all the rest of it. I do not know how we are going to make delivery, but I think it would be much better if a lot more people were informed as to what is involved in the whole general scheme. If there is no shortage of box cars, and if there is a movement from the terminals to the ships to take it away to market it, and the whole effective efforts of the transport controller are directed in that respect, and all the details are known at the local point—and that is where our life revolves—nevertheless, I say that the farmers ought to have a greater knowledge of what is done by the transport controller in his efforts to move grain in western Canada.

Mr. ARGUE: I do not want to take anything away from the transport controller to the extent that he has assisted in the movement of grain after it gets into the box car and from that point to the ultimate consumer, but I think that the central question with which this committee needs to deal, and with which it should deal, is this aggravating question of box car distribution which is going to stay with us until it is solved. Last night Mr. Milner said—I think I am interpreting him correctly—that the problem was a matter which parliament had to decide or to solve, and that when parliament solved it, he would do what he could to see that the law was taken care of. If I am misinterpreting him, he can say so.

Mr. MILNER: I think what I said was that we would administer the Canada Grain Act in whatever form it was sent to us by parliament.

Mr. ARGUE: I was very glad to hear that last night. It was something which I think should be said and I hope that we were at least making a start toward solving this problem, but then I heard Mr. Milner say what to me was a very disturbing thing this afternoon, and that is that he personally would not undertake to allocate cars between elevators.

An hon. MEMBER: He said that last year.

Mr. ARGUE: He said it last year, that is correct, but until some formula is established that will allocate box-cars among elevator companies equitably so that farmers will have the right to deliver grain to the elevator of their choice this problem is going to be with us and if the transport controller is going to say to the committee he personally will never undertake to allocate cars between companies either he is backing away from the statement he made last night or that statement requires further elaboration.

Mr. MILNER: I think perhaps that one of the statements is in direct contradiction with the other. I said that we on the board would carry out the provisions of the Canada Grain Act as it is given to us by parliament. If parliament decides that there is to be a method of distribution of box-cars and that is contained in the Act, then of course the commissioners will carry out the provision of the Act and I, as a member of the board, would certainly do so. In my present capacity as transport controller I will not do it, and I have not the right to do it, and I have been so advised. I cannot make it any clearer than that.

Mr. ARGUE: That is perfectly clear—if you are telling the committee you will not allocate cars between elevator companies because you have not got the power . . .

Mr. MILNER: You misunderstood. That is exactly what I meant—because I have not the power. I will not get into the question of the distribution between elevators of box-cars because I have no power.

Mr. JOHNSON (*Kindersley*): Who has the power?

Mr. ARGUE: Could we have a copy of the regulations under the Transport Act?

Mr. MILNER: You asked "who has the power?" You sat here last week and heard the Wheat Board tell you that they were doing it—allocating box-cars. Had you any doubt that they had the power to do so?

Mr. JOHNSON (*Kindersley*): They were allocating shipping orders among companies. That is a far different thing from allocating box-cars in the way we are discussing now.

Mr. MILNER: If the companies decide what station they wished to ship from they submit that list to the Wheat Board, so that in effect the Wheat Board is allocating them.

Mr. ARGUE: Do elevator companies do it this way? A company at a given point says "we want 24 cars" and another elevator company says "we want 15 cars"—

Mr. MILNER: That is something you will have to ask the Wheat Board. Are you asking me to say what happens from a practical standpoint and from my own knowledge, or in my position as transport controller? My understanding is—and this is nothing definite—that there is a limit to the number of cars which the Wheat Board will permit a company to order for one station at one time.

Mr. QUELCH: Is not the practice at the present time for the local elevator agent to meet with the local railway agent and decide how cars will be distributed? I have been told that is the way it is done. They meet with the agent and five cars come in and they decide who shall get those five cars.

The CHAIRMAN: I think we are getting out of the jurisdiction of the transport controller.

Mr. QUELCH: It seems to me to be the burning question.

The CHAIRMAN: As I explained yesterday we shall be hearing the story from the people who have this particular problem to face, and then we can discuss the question.

Mr. JOHNSON (*Kindersley*): I think I can bring the discussion back to the sphere of the transport controller by asking whether the transport controller has not some responsibility for the proportion of cars that are sent to certain divisions.

Mr. MILNER: No.

Mr. JOHNSON (*Kindersley*): Do you not require the railway companies to put more cars in certain divisions?

Mr. MILNER: In consultation with the Wheat Board in connection with the movement of grain which they export.

The CHAIRMAN: The witness has explained that he had on some occasions, not in his capacity as controller of transport but on his own initiative, because he understands the situation, acting in cooperation with the railways on some occasions. But not in his capacity as controller.

Mr. MILNER: Actually I did a lot of free work and all I got for it was criticism.

Mr. CHARLTON: Does not part of the trouble arise because these people do not get together to order grain from the same point? One company might order grain from one point and another from the next as a result of which the elevator of one company will be empty and the elevator of another will probably be full.

The CHAIRMAN: You are citing an extreme case, but it is possible. However, again, these people will be able to tell you shortly what they do and what their problems are.

Mr. JOHNSON (*Kindersley*): The problem which I have been trying to decide—and it seems that it has been impossible to resolve it over the past couple of years—is this: who is responsible? If you ask the Board of Grain Commissioners you might think it is the Canadian Wheat Board; if you ask the Canadian Wheat Board you might come to the conclusion it is the Board of Grain Commissioners. The question of responsibility has got to be settled somewhere and I have been trying to determine where it is. It is now, apparently, in the hands of parliament.

The CHAIRMAN: That statement is not quite accurate if you do not mind my saying so. I think it has been made clear by the Wheat Board that there is no doubt there is no jurisdiction in the matter as far as the Board of Grain Commissioners is concerned. We have the Canada Grain Act, before us and members of the committee all familiar with it, and there is no section of that Act which gives them the responsibility. I repeat: there is no section of the Canada Grain Act which gives any power to the commissioners to allocate box-cars.

Mr. ARGUE: The car order book.

The CHAIRMAN: That is not allocating cars as between companies.

Mr. ARGUE: The only trouble with the car order book is the transport controller. Mr. Milner of the Board of Grain Commissioners has to carry out the provisions of the car order book, but the transport controller won't let him do it, because he suspends it now and again.

The CHAIRMAN: Even that statement is not too accurate.

Mr. TUCKER: You know that it was suspended in consultation with the Wheat Board, and that the evidence of the Wheat Board indicated they had done a splendid job. Would you suggest, when the Wheat Board recommended that the car order book should be suspended for the time being, that the transport controller was wrong in accepting their views?

Mr. ARGUE: I would say the transport controller made a mistake—not exactly in accepting the views of the Wheat Board, but in accepting them without at the same time consulting with the farm organizations.

Mr. TUCKER: The farm organizations have complete confidence in the Wheat Board, the evidence was that this suspension was necessary in order to enable them to do their job. If it was necessary for the car order book to be suspended, they would want it to be suspended.

Mr. ARGUE: I would say the farm organizations should very definitely have been consulted before the order book was cancelled in view of the provision which is written into the Act to maintain the rights of producers to obtain box-cars.

Mr. TUCKER: I bet that if you ask the farmers themselves—I know what their opinion would be—they would say “we want the wishes of the Wheat Board adhered to in order to carry out the marketing of wheat.” Every farmer in western Canada would say that and you know they would say it.

Mr. ARGUE: We can ask them when they come to give evidence.

The CHAIRMAN: They will be appearing very shortly. Did you get the answer to your question, Mr. Quelch? Can we carry this section?

Carried. We will now go on to the next item: Canadian Government Elevators.

Mr. MACKENZIE: Receipts of grain during 1953-54 at the Canadian Government Terminal Elevators operated by the Board at Moose Jaw, Saskatoon, Edmonton, Calgary, Lethbridge and Prince Rupert, totalled only 13.9 million bushels as compared with 27.5 million for the previous crop year. From an operating standpoint, however, the 1953-54 crop year was very satisfactory as stocks in store at July 31, 1954, were 15.7 million bushels or 86 per cent of elevator capacity. The stocks in store at the beginning of the crop year were 14.5 million bushels.

Canadian Government Elevators showed a surplus of revenue over operating expenses in the amount of \$779,074 for the fiscal year ended March 31, 1954, as compared with a surplus of \$443,672 in the previous fiscal year. More detailed information respecting handlings and the operation of the Canadian Government Elevators is given in Appendix J to this report.

The CHAIRMAN: Any questions on that?

Mr. CASTLEDEN: I notice that the handling at the Lethbridge point, which has a capacity of one and a quarter million bushels—that they had shipments of 22,000 bushels. Prince Rupert, which has the same capacity, handled 8 million bushels. That, I suppose, is because it is an export point.

Mr. MILNER: Yes.

Mr. CASTLEDEN: The question that occurs to me is this: since the operating of these government storage elevators has been a good operation—they have made a profit in each of these years—might it not help to remove some of the congestion if we had more of these government storage elevators?

Mr. MILNER: I think it should be borne in mind, Mr. Castleden with regard to this figure of \$779,074 shown as a surplus that a commercial organization would have to charge depreciation. There is no cost of capital here. If you kept the figures as a commercial organization would have to do, that profit would disappear and we would be “in the red” definitely.

Mr. CASTLEDEN: I see. Perhaps the farmer is the one who is losing because he is not able to deliver his grain.

Mr. MILNER: I have sympathy with him, there is no question about that but I am only referring now to this statement on elevators which is before the meeting.

Mr. PURDY: The cost of the elevators and their depreciation is a contribution by Canada as a whole to the wheat growers and the grain growers of the west?

The CHAIRMAN: Shall we carry that item?

Mr. POMMER: I want just to comment on the operating profit of \$779,074 in 1954 as compared with \$443,672 in 1953. What is the reason for the difference in the operating profit in view of the smaller handling?

Mr. MILNER: Storage.

The WITNESS: More storage and less handling.

Mr. MILNER: And there were some better contracts made for storage by people like Canada Malt.

The CHAIRMAN: Shall we carry this?

Carried.

Organization and Procedure.

The WITNESS: On December 31, 1954, the Board's staff numbered 897 which was 42 less than on December 31, 1953. Of this total 838 were in the continuing establishment and 59 were casual employees whose numbers vary with work requirements.

The staff of the Canadian Government Elevators at Winnipeg, Saskatoon, Moose Jaw, Calgary, Edmonton, Lethbridge and Prince Rupert totalled 198, of which 39 were casual employees. This is a decrease of 21 from 1953.

Progress has been made during the year on the program initiated in 1953 for revising the organization of the Board's branches. Certain employees have been regrouped with the object of improving co-ordination of the work of the different branches. Use of business machines was extended to facilitate improved procedures.

The following table shows location of the Board's staff broken down by groups:

Point	Administrative and Clerical	Inspectors and Assistants	Samplers	Weighmen and Assistants	Trackmen	At December 31, 1954		At December 31, 1953	
						Total	Casuals†	Total	Casuals†
Montreal.....	8	9	4	1	—	22	—	23	—
Chatham.....	2	3	8	—	—	13	4	10	2
Toronto.....	—	1	1	—	—	2	—	3	1
Fort William.....	30	99	71	87	53	340	5	364	61
Keewatin.....	—	—	2	2	—	4	—	4	—
Winnipeg.....	{ 106 29* }	35	105	10	—	285	10	297	25
Saskatoon.....	2	4	5	4	2	17	1	18	1
Moose Jaw.....	—	4	5	3	1	13	—	14	2
Medicine Hat.....	—	2	1	3	—	6	—	6	—
Lethbridge.....	—	1	2	1	1	5	1	5	2
Edmonton.....	6	8	24	3	1	42	10	41	9
Calgary.....	7	6	19	6	5	43	5	41	4
Vancouver.....	16	22	14	29	15	96	19	103	27
Prince Rupert.....	—	1	2	—	2	5	4	5	4
Victoria.....	—	2	—	2	—	4	—	5	1
Totals.....	{ 177 29* }	197	263	151	80	897	59	939	139

Mr. TUCKER: What sort of work are the 29 chemists and druggists doing in Winnipeg?

Mr. MILNER: Research work in the laboratory.

Mr. TUCKER: What sort of research work?

Mr. MILNER: Baking and malting tests—questions on the colour of macaroni and things which are way over my head. They work very closely with the Inspection Department.

The WITNESS: They carry out studies of malting requirements and that kind of thing.

Mr. MILNER: And tests in respect to new grades of wheat.

Mr. CHARLTON: Are they doing any work outside bread and the present use of food?

Mr. MILNER: Oh yes, a number of other things. They are continually experimenting.

Mr. CHARLTON: Do they work in conjunction with the National Research Council?

Mr. MILNER: They do not overlap at all, but they do work together closely.

By Mr. Tucker:

Q. As a matter of fact your administrative staff of 106 in Winnipeg includes the board itself?—A. Yes.

Q. And your salaries are paid out of fees paid in connection with the grain trade?—A. Oh no. Parliament votes every cent that we spend and every dollar that we get. All our fees and so on go into the consolidated revenue.

Q. As a matter of fact over the years has not more been collected in the way of licence fees and fees for inspections and so on than has been voted for this work, is that right?—A. No. The reverse is true. There have only been one or two years when we have paid our expenses.

Q. How much short were you this year?

The CHAIRMAN: If you will just wait a little we are about to come to the financial statement.

By Mr. Tucker:

Q. I am going to deal with that shortage. The shortage in this past year was I believe, \$187,000. The salaries and expenses of the 29 chemists and druggists would pretty well be absorbed by that \$187,000 shortage, is that not correct?—A. I suppose you could balance that out, but the Canada Grain Act demands that we should keep a research laboratory for purposes defined in the Act.

Q. Yes, but the National Research Council does similar work for other industries and I suggest that if you were to charge for the research, that is being done for other industries by the National Research Council, and take it out of the \$187,000 that the actual fees charged to people for the work done in the handling of their grain would cover all the expenses including the salaries of the Board of Grain Commissioners. I suggest that to you, and I suggest it so that any misunderstanding of the facts of the administration of this Act under review as to the extent it is paid for out of the grain itself may be cleared up.

The CHAIRMAN: Shall we carry this? Are we still on "Organization and Personnel".

Mr. CASTLEDEN: I see that the number of weighmen and assistants is given as 151. Are those permanent employees?

Mr. MILNER: 151 are, yes

Mr. CASTLEDEN: Are those men who assist the inspectors and commissioners?

Mr. MILNER: Yes.

Mr. CASTLEDEN: How big a staff is required? Supposing you are doing a weighover at a terminal elevator?

Mr. MILNER: In the east?

Mr. CASTLEDEN: Yes, or at Fort William.

Mr. MILNER: The secretary tells me that we sent 40 down there last year in the winter months to weighover the eastern terminals.

Mr. CASTLEDEN: In charge of one of the commissioners?

Mr. MILNER: Oh no, in charge of one of the senior weighing officers.

Mr. CASTLEDEN: He goes down with his own staff?

Mr. MILNER: Yes.

Mr. CASTLEDEN: When you are doing a weigh-over do these men take charge of the elevator entirely?

Mr. MILNER: Entirely.

Mr. CASTLEDEN: And no machinery is allowed to be in operation?

Mr. MILNER: Only the machinery necessary to weigh the stocks. No grain is allowed to go.

Mr. CASTLEDEN: And one of your senior weighmen is in charge?

Mr. MILNER: Yes.

Mr. CASTLEDEN: But not any of the commissioners or assistant commissioners?

Mr. MILNER: No.

Mr. CHARLTON: One more question. Is there any particular reason why your cash revenue for the first nine months of this year is down so much from the same period last year?

Mr. MILNER: Lack of handling and lack of fees for inspection and weighing.

Mr. CHARLTON: It is due to the elevators being clogged?

Mr. MILNER: Lack of movement.

The CHAIRMAN: Then can we carry that?

Carried.

Now we come to "Expenditure and Revenue." Possibly we could dispense with reading this, as it is a tabulation of figures, and you have the detail of the revenue by points on page 64, and the expenditure by points on page 65, the summary of operations on page 66, the revenue and expenditure by points on page 67 and the revenue and expenditure by points and branches, fiscal year ended March 31, 1954, on page 68. Mr. Tucker already covered this point quite well I think. Are there any questions or can we carry this?

Carried.

The WITNESS: Before you say anything more, Mr. Chairman, may I suggest that again we have one additional piece of information which we are ready to file as a result of the requests made.

Mr. ARGUE: I wonder if I could get a copy of the regulations under the Transport Act from the transport controller?

Mr. MILNER: I will send them. Do you want the committee to have one here?

Mr. ARGUE: I would like a copy but I do not want to be singled out.

The CHAIRMAN: I do not think there is any point in putting that on the record, but those who would like to have the regulations raise your hands and we will send you a copy.

Mr. ARGUE: We will be discussing box-cars from here on, and we should have the regulations as to the transport controller's present powers.

The CHAIRMAN: We will ask for some fifteen copies and have them sent to the secretary.

Mr. TUCKER: And the question I asked about the increase in storage?

The WITNESS: If you will allow me to get Mr. Baxter on the floor we will tell you that.

Mr. BAXTER: I have the answer to your question, Mr. Argue, with respect to the relationship of the storage to the licensed capacity. It is a three-page statement and I will hand you a copy afterwards. I expect the answer to your question, Mr. Tucker, should be in the mail now and as soon as it is available I will hand it to the chairman. I believe the only further outstanding question is that of yours, Mr. Castleden, concerning the shipments and the marketings back to 1949-50. That is being tabulated and as soon as it is available I will pass it also to the chairman.

The CHAIRMAN: Does that answer all the questions now? Well, I am very pleased to be able to thank the board for their very kind cooperation.

Mr. CHARLTON: Before the Board of Grain Commissioners report is passed would you consult the Department of Justice to get the department official over here?

The CHAIRMAN: If you will notice I did not pass the report. We passed all sections of the report, but I did not pass the report, so that the report is still open. We will hear the witnesses and then we will do the unfinished business afterwards.

Mr. CHARLTON: Do we want the Board of Grain Commissioners here all the time?

The CHAIRMAN: No. The idea was to get a legal opinion from the Department of Justice, not from the Board of Grain Commissioners, so it does not make any difference if they are here or not.

That completes the evidence from the Board of Grain Commissioners and on behalf of the committee I thank you very much for your very kind cooperation.

Now we will hear the representatives from the North-West Line Elevators Association, Mr. Cecil Lamont. I will ask Mr. Cecil Lamont to come up to the table.

Mr. Cecil Lamont, President, The North-West Line Elevators Association, called:

The CHAIRMAN: I would say that the North-West Line Elevators Association represented by Mr. Lamont will be the first here and then I believe the Saskatchewan Wheat Pool will be heard followed by the United Grain Growers, then the Manitoba Pool and the Alberta Pool. This will be the order followed.

We will follow the usual practice of allowing the witness to present his case fully without interruption and then ask questions after he is through with his statement, for further clarification.

The WITNESS: Mr. Chairman and gentlemen, I have with me Mr. C. D. Shepard, Q.C., General Counsel for the North-West Line Elevators Association. First of all I would like to thank you, Mr. Chairman, and the members of the committee for the invitation to attend your hearings and to be heard. The

organization which I represent is comprised of the line elevator companies of western Canada,—that is the privately and publicly owned country and terminal elevators other than those operated by the wheat pool organizations and by the United Grain Growers Limited.

The number of country elevators which we operate is 2,717 out of a total number of elevators of 5,313, which represents slightly over 51 per cent of the country elevators in western Canada. In addition, our member companies operate some 61 million bushels of terminal capacity. The replacement value of these country and terminal elevators is estimated at approximately \$206 million. Now you are used to dealing in very large figures here but in so far as western Canada is concerned we feel it is quite a large investment in grain handling facilities.

There is one point before proceeding with the formal section of the brief with which I would like to deal and that is our relationship with the Winnipeg Grain Exchange. There has been a tendency, and I noticed a tendency even during the present session of parliament, to identify the line elevator companies with the Winnipeg Grain Exchange. I would like to point out that we are an entirely distinct and separate organization. We are members of the Winnipeg Grain Exchange, or at least our companies are members, in exactly the same manner as the pools and the United Grain Growers. The ordinary line elevator companies, the smaller companies, might have one or two memberships in the Grain Exchange, and the larger companies might have up to five or six memberships out of a total of some 450 memberships. The value of a membership in the Grain Exchange at the present time is approximately \$1,700, so that a company operating 300 or 400 elevators having five or six memberships would have a financial stake in the Grain Exchange of, say, \$10,000. The cost of building a single country elevator today—that is a standard 35,000 bushel country elevator equipped with a cleaner—is \$46,800, so that you can see that our financial interest is in the operation of elevators, and the attempts that are made to identify us with the Winnipeg Grain Exchange are not correct. We are the line elevator companies operating elevators for the handling of grain. The reason that we are a member of the Winnipeg Grain Exchange is exactly the same as the reason that the pools and the United Grain Growers are members; that is, it provides a meeting place for buyers and sellers, and so long as it provides a meeting place for buyers and sellers and provides a service either to the producers or to ourselves, I presume we will continue to be members.

Now, Mr. Chairman, I will proceed with the formal section of our brief. We propose in this to deal in the main with the question which has been before this committee—it was introduced yesterday—and that is the right of the farmer to deliver to the elevator of his choice. Last year you will recall that the pools, the United Grain Growers and ourselves, dealt at some length with the question of grading, weighing, dockage and other matters directly relating to the operation of country and terminal elevators. It is not our intention to go into a repetition of those matters beyond what we might be asked at this meeting.

With that I will now proceed with the presentation of this brief. By the way, we are having mimeographed copies made. So far I have only the typed copy but I anticipate that for tomorrow's hearing we will have the mimeographed copies available for the committee. We had not expected to be called quite so early this afternoon. Last time we were last on the list, but apparently the last shall be first, and we have been called first on this occasion. We will have that ready for tomorrow, however, that is to say the mimeographed copies.

As regards the first section I think there will be no difficulty in following me as far as I can get today. First I will deal with the origin and history of the car order book provisions of Canada Grain Act:

The highly regulated supervision of the handling and movement of grain in Canada dates back to July 7th, 1900, when the Manitoba Grain Act was given royal assent. There was no provision in the original Act relating to the distribution or supply of railway cars other than subsection five of section 41 which provided that the owner or operator of a warehouse shall apply to the proper railway official to furnish a car to any person who has been allotted a bin in such warehouse for the storage of grain.

The car order book was instituted in 1902 by an amendment to the Manitoba Grain Act. This provision was for the benefit of and protection of the producer. The car order book at the time of its origin, and throughout its use during the past fifty-three years, has never been operated for the benefit of or for the protection of the elevator company. The attack by the pools on the car order book provisions of the Act today arises, not through dissatisfaction of the large body of western farmers, but through a section of the farmer-owned commercial elevator companies seeking an amendment to the Act relating to car distribution which they think would provide particular advantages for the elevator companies which they are managing, rather than keeping in mind that the underlying purpose of the car order book is for the benefit of the grain producer and not the elevator operating companies.

The original car order book provisions were amended in 1903, in 1906, and in 1908 provision was made requiring the railways to appoint custodians of car order books at flag stations or sidings. All these amendments were for the underlying purpose already referred to.

The Manitoba Grain Act was repealed by the Canada Grain Act of 1912 but the same car order book provisions were carried forward into the new Act. Changes were made from time to time in certain provisions by amendments to the Canada Grain Act.

The 1929 amendment provided that every order for a car should be entered in the car order book; the agent for an applicant could only act as agent for one applicant; no applicant could have more than one application in the book at one time, although elevators could receive two cars on each allotment and other applicants one only; no car to be furnished to any applicant unless ordered in accordance with the provisions of the Act; the board, with the approval of the Governor in Council, could modify the car order book provisions of the Act for the purpose of more fully protecting the interests of the producers of grain and facilitating the distribution of cars without discrimination as between producers; country elevators or otherwise (this provision was not carried into the 1930 Act); the penalty clause re transferring or selling the right to any car was dropped; two or more producers could jointly make application for a car.

The Canada Grain Act of 1930 provided: that no applicant except the manager of an elevator could have more than one unfilled application in the car order book; that the manager of an elevator could have not more than two unfilled applications in the car order book.

No further changes were made in the car order book provisions until 1944. Briefly, the car order book provisions at that time were:

1. Railways to furnish car order book to agent at each point from which western grain was shipped;
2. Agent at shipping point to fill in applications except for signature of applicant;
3. Elevator manager entitled to have two unfilled applications in book and other applicants one only;

4. Untrue representations in applications made applicant liable to penalty;
5. Agent for applicant could only act as agent for one applicant;
6. Applications received and completed in order of arrival of applicants at place where book kept;
7. Applicants permitted specify car of any standard capacity or of two or more capacities alternatively;
8. Book to be open for inspection by any person but inspection to be made in presence of agent who is responsible for safe custody and proper condition of book;
9. Each car available at the point to be placed in order in accordance with the outstanding unfilled applications in the book, except for cars ordered by the Board of Grain Commissioners to be placed out of turn for special reasons;
10. Cars placed for an applicant who is unable to load to be assigned to the next applicant for a car at the place where the car then is.

In October, 1939, the Board of Grain Commissioners laid down the principle that a grower in selling wheat in store, who had a car ordered on the car order book, had transferred his right to the car in question to the elevator as part of this sale.

In July, 1944, a railway official queried this ruling of the board. The question was referred to the board's counsel who stated he could find no provision in the statute to support the board's ruling, and that under the statute the applicant was the only one entitled to use that particular car.

The board then referred the question to the Deputy Minister of Justice who gave the opinion that the board did not have the power under the Act to authorize an applicant who had subsequently sold the grain, to transfer the car placed pursuant to his application, to the purchaser.

To regularize the position, order in council P.C. 7594, dated October 1, 1944, under the War Measures Act, ordered as follows:

That where an application for a car for grain has been properly entered in the car order book, a subsequent change in ownership of the grain, on or after delivery to a country elevator, will not affect delivery of it to a car so ordered.

This provision was embodied in the Canada Grain Act by Chapter 3 of the 1947 Statute by the addition of the following new subsection to section 62:

(4) Where an application by a person for a car to be loaded at a country elevator has been entered in a car order book, as provided in this section, and that person has delivered a carlot of grain to the elevator to be loaded in the car for which application is made, if, on or after delivery to the elevator, the said grain becomes the property of any other person, such last-mentioned person may load the same grain into a car placed pursuant to the application.

Previous to the 1944 order-in-council, each elevator at a point could order the same number of cars as the other elevators at the point for the shipment of company grain. Additional cars however, are loaded at the different elevators in accordance with the number of its customers who order cars to ship their own grain. With the right established to transfer the car on selling their grain, it is in the interest of the farmer, who has a carload to dispose of, to apply for a car before selling the grain to the elevator irrespective of

whether or not he is interested in shipping his own grain to the terminal. With the present congested conditions it is also in the interests of the elevator operator to encourage his customers to do so, with the result that there can be as many as fifty or more consecutive applications on the book, all for loading at one elevator. While small quota deliveries are in effect, the number of farmers who are in a position to ship a car lot is very much reduced but this is overcome by joint applications from two or more farmers. It must also be remembered that a farmer does not have to be in a position to load a car when he makes his application. Cars can be ordered before the grain is harvested, the farmer hoping that before the car is supplied he will have the grain available. If it is not, then his application is cancelled and he makes a new application which, of course, has a lower priority in the book. The same applies to quotas; the farmer hopes that the quota will be raised before his car is supplied. If it is not and he is not in a position to load, then his application is cancelled and he can make a new application with lower priority.

In our opinion, the 1947 amendment benefits the elevator company, rather than the farmer.

I would like to stress that point that in our opinion the 1947 amendment benefits the elevator companies rather than the farmer.

Now to proceed with an outline of the existing right of the farmer to deliver to the elevator of his choice:

For one not in the elevator trade, the Car Order Book provisions of the Canada Grain Act may seem somewhat involved. To the average elevator agent this is not so, as he must understand the Car Order Book provisions so that he may operate his elevator in accordance with the Act. Unfortunately, many farmers do not know their rights. If they did they would know that under the Car Order Book they have the right and the ability to deliver their grain to the elevator of their choice and that it will get its true position in shipping in accordance with the Car Order Book.

Before proceeding further, I propose to outline the farmers' rights under the Car Order Book provisions of the Act. I trust that this will not unduly burden you, but I feel that it is essential for the Eastern and British Columbia members of this Committee to fully realize that the farmer now has the right and ability to deliver to the elevator of his choice. These provisions have been developed over a period of 53 years for the protection of the farmer, and for one purpose only—to enable the farmer to deliver to the elevator of his choice. What you are dealing with here is an attempt by the management of one faction of the elevator trade to supersede the advantages the producer now has and take away from him, under the guise of "elevator of his choice", the full freedom and the benefit of all competitive factors that are now his in the marketing of his grain.

I shall now proceed to outline the detailed provisions of the Car Order Book. This outline is not mine. It is that of the Board of Grain Commissioners for Canada, as set forth in the booklet entitled "The Farmer and the Country Elevator" published in 1953 under the authority of the Minister of Trade and Commerce. I quote from the booklet:

The railways are required under the Canada Grain Act to provide each railway agent with a Car Order Book. At a shipping point where there is no agent the railways can be directed by the Board to appoint a custodian of the Car Order Book. Any person who owns grain which he desires to ship may request the railway agent or custodian to enter his application for a car in the Car Order Book.

Owners of grain and elevator agents may make applications for cars at any time during the railway agent's or custodian's normal office hours. Applications must be received and completed by the rail-

way agent or custodian in the order of the arrival of applicants at the place where the book is kept. The railway agent or custodian fills in the application which is then signed by the applicant. Applications are made out in triplicate and must be made out in the order in which they appear in the book. One copy of the signed application must be given by the railway agent or custodian to the applicant.

Two or more growers can jointly make application for a car but each of the applicants must sign the application personally or by proxy.

Elevator managers are permitted to have two outstanding orders in the Car Order Book but no other person can have more than one outstanding order. A producer may authorize another person to sign an application in the Car Order Book on his behalf but the person authorized to sign must file with the railway agent or custodian his written authority which is known as a 'proxy'.

Producers applying for cars in the Car Order Book must specify:

1. The size of the car required (alternate car capacities may be indicated).
2. Kind of grain to be loaded (alternate kinds of grain may be specified).
3. Description of land on which grain was grown.
4. Elevator or loading platform at which to be loaded.

It is not necessary that the grain be available for loading when the application is made but within THREE hours of receiving notice from the railway agent that a car has been placed in accordance with this application, the applicant must give notice to the railway agent of his ability and intention to load. The loading must be completed in September, October and November, within twenty-four hours and at other times within forty-eight hours after giving notice of ability and intention to load.

If, after any car has been placed in accordance with any application, notice of ability and intention to load same has not been given within three hours, or if any such notice has been given and loading has not commenced within twenty-four hours after giving notice of ability and intention to load, the application will be cancelled by the railway agent. The car will then be assigned by the railway agent in fulfilment of the next application for a car of the same capacity at the place where such car then is.

A grower can at any time before the car is placed, providing he has not sold the grain to an elevator company, amend his application in regard to the place at which he desires the car to be placed, the kind of grain to be shipped or the size of the car required.

An elevator agent loading grain into a railway car supplied on the application of any person or persons other than the elevator agent shall not load into such car any grain other than the grain, or a like quantity of the kind and grade delivered by such person or persons.

A grower can have a car on order under his own name and may act as agent for a person or persons in making application for another car, but he is not entitled to act as agent for more than one application.

Bills of lading for car loaded by or for growers must show the name of the farmer on whose account the car was loaded.

While a railway agent or other custodian of a Car Order Book is not required to obtain proof that a grower making application for

a car has the necessary grain to load the car, the terms of the application make applicants subject to the penalties of Section 63 for making untrue representation.

A car having been placed by the railway company shall not be moved before loading except on the direction of the railway agent.

Any person possessing evidence that improver entries have been made in the Car Order Book should report such irregularities to the Board of Grain Commissioners. After inquiry, if the Board is of the opinion that any application has been improperly made, it may direct such application or applications to be cancelled and, if warranted, proceed to prosecution.

Subsection 4 of Section 62 of the Canada Grain Act provides that, where an application for a car of grain has been properly entered in the Car Order Book, a subsequent change in the ownership of the grain on or after delivery to a country elevator will not affect delivery of it to a car so ordered. Elevator agents should notify railway station agents when they have acquired grain for which they expect to use a car ordered in the Car Order Book. It should be noted that 'on or after delivery' refers to complete delivery of a car lot for storage. If individual loads are sold on delivery to the elevator the grain loses its identity and cannot be considered as part of the car lot.

The transfer of the right to load a car can only be exercised if the application for the car was made in the Car Order Book before the grain is sold to the elevator company.

If only a portion of a carload has been delivered to an elevator when the car is supplied on the application and the grower is not able to immediately deliver the balance of the grain to complete the loading of the car in accordance with the provisions of Section 71 of the Canada Grain Act, then the application will be cancelled by the railway agent and the car assigned to fulfil the next application in the Car Order Book for a car of the capacity of the car in question at the same elevator.

The name of the person who made the application for the car must be shown on the bill of lading issued in respect of such car, and this will be taken by the railway agent as prima facie evidence that the car has been loaded in accordance with the application in the Car Order Book.

That, Mr. Chairman, ends the Board of Grain Commissioners' outline of the farmers' rights under the Car Order Book provisions of the Canada Grain Act. I believe that any reasonable-minded person will agree that under this Act the farmer is fully protected in delivering his grain to the elevator of his choice. Furthermore, he has the right of delivering to the elevator of his choice right up to the moment that his grain is ready to place on the elevator scales. The next section of this deals with the failure of car cycles and pool support of the Car Order Book.

In periods of congestion, during World War II, various measures were taken, under the authority of the War Measures Act, to distribute box cars to country elevators. First a car cycle was based on permanent elevator capacity. This was then superseded by a cycle based on handlings over an historic period of time.

Now let us examine the attitude which the Pools adopted concerning car distribution under the car cycle.

We quote from the Annual Reports of the Board of Directors of the Saskatchewan Wheat Pool. This is from the Directors' Report of 1941 (Page 12):

The distribution of cars based on permanent space, which was put into effect by the Car Allocation Committee last year, has been a source of great dissatisfaction to Pool members in the country as well as to the Board and Management. Strong protests were registered throughout the season in an effort to secure a more equitable distribution.

While the Car Allocation Committee was not continued into the current year—1941—the Canadian Wheat Board, which became responsible for the distribution of cars, decided at the beginning of the season to continue the policy of last year's Committee. Protests from the organization and from many Pool members in the country were registered with the Board. The Wheat Board has now announced that it is satisfied conditions have changed sufficiently so that control of car distribution can be eliminated.

There is still a serious shortage of cars which, up to the present time has worked against the interests of our grower members who desire to deliver their grain to their own facilities. With the elimination of the method of allocating cars on the basis of a cycle, and with a larger number of cars available for the movement of grain, some improvement may be anticipated.

This is from the Report of the Board of Directors of the Saskatchewan Wheat Pool for 1942:—

At the present time the Canadian Wheat Board is exercising control over the distribution of cars and we have refused to agree to the system of car allocation in force in previous years on the basis of permanent country storage capacity. *Your Board has taken the stand that the only fair method of allocating cars to elevators is in accordance with the grower's preference as provided by the Canada Grain Act. If this is found impossible of accomplishment the Wheat Board has been repeatedly advised that the allocation of cars should be based on all space available, including both temporary and permanent space.*

I should like to stress one sentence from this considered opinion of Pool Directors:

Your Board has taken the stand that the only fair method of allocating cars to elevators is in accordance with the growers' preference as provided in the Canada Grain Act.

In their 1943 Report, the Pool Directors reported to their Annual Meeting —(Page 13):

At the beginning of the last crop year Pool Elevators were fortunate in having around 30,000,000 bushels of space in country elevators and bins when the 1942 crop started to move. Because of this position we were able to handle 39.71% of all grain delivered in the country during the year, in spite of the fact that the policy of distributing cars was continued on the basis of permanent country elevator space under a 30 car cycle.

Early in July the three Pool organizations started negotiations with the Canadian Wheat Board with a view to securing a more equitable car distribution policy. *The Pools submitted that the only sound policy upon which cars could be distributed was based on the grower's preference, under which the producer of grain would indicate the elevator to which his grain should be delivered.*

In the course of the negotiations the Wheat Board submitted a counter proposal that it would be advisable to maintain a cycle of car distribution, but that the basis of the cycle should be the average percentage of all grains handled by country elevators at individual points during the seasons 1938-39 and 1939-40. As this was the basis of the proposal submitted by the Pools to the original Car Allotment Committee set up in 1940, it was approved by your organization, and the necessary information was compiled and submitted to the Wheat Board early in September.

At the time of the preparation of this Report the new policy has not been brought into effect.

Under the Wheat Board's proposal the new cycle would operate for the distribution of cars for shipment of wheat to the Head of the Lakes. Country elevator shipments of wheat to U.S. destinations, or to eastern or western domestic markets, as well as coarse grains to any destinations, are not included in the cycle. There is a provision that on wheat shipments to the United States no elevator company will be allowed to ship more than five off-cycle cars from any one station, unless the companies operating at the stations have either shipped an equal number of off-cycle cars, or have had an opportunity of completing such shipments.

We now turn to the Annual Report of the Canadian Wheat Board for the Crop Year 1943-44, which refers to the experiment of a car cycle based on past deliveries. The report states: (Pages 16 and 17)

The Board exercised control of car distribution from August 1st, 1943 to May 5th, 1944. As a result of experience in 1942-43, the problem of the distribution of cars between elevator companies was carefully reviewed by the Board in July, 1943. On August 13, 1943 the Board outlined to the representatives of the various grain handling organizations, a proposed car cycle policy based on the percentage of receipts of all grains of each elevator at each delivery point during the crop years 1938-39 and 1939-40. Certain objections to the Board's proposal were raised and the Board agreed to give further consideration to the details of its proposal. After examining the suggested basis in detail, and after giving consideration to all representations which were made, the Board advised elevator companies that a new car cycle, based upon the percentage of gross primary receipts of all grains by each elevator during the 1938-39 and 1939-40 crop seasons combined, would become effective as from October 23rd, 1943. At delivery points where exceptional conditions existed in the two basic years, the Board agreed to defer the new car cycle until each local situation could be appraised.

The revised basis continued in effect in Manitoba until April 25th, 1944 and in Saskatchewan and Alberta until May 3rd, 1944, when all Board restrictions covering the shipment of grain and car distribution were removed. From April 26th, 1944 in Manitoba, and from May 5th, 1944 in Saskatchewan and Alberta, the allocation of cars was returned to the railway companies in accordance with the terms of the Canada Grain Act, except for certain remaining shipments of wheat and oats purchased for direct shipment to the United States in cars supplied by United States railways.

When the Board assumed responsibility for car distribution, it did so reluctantly and on the understanding that as soon as conditions permitted, car distribution would be made in the normal way under provisions of the Canada Grain Act. The Board felt that that time had arrived in late April, 1954 and acted accordingly.

Here you see the Wheat Board favoring the distribution of cars under the Car Order Book provisions of the Canada Grain Act.

"U.F.C. Information", the official organ of the United Farmers of Saskatchewan, which is the predecessor of that organization which appeared before you last week, in September, 1944, published a letter received from Mr. R. M. Mahoney, supervisor of transportation and quotas for the Canadian Wheat Board. In this letter Mr. Mahoney stated:

On April 26th, 1944, the Canadian Wheat Board removed its control over the allocation of cars among the shippers at stations in Manitoba and on May 5th, 1944, the same removal of control was applied to Saskatchewan and Alberta. When the Canadian Wheat Board dropped its control, the car cycle method of dividing cars was also dropped and the system then reverted to the Canada Grain Act, which is administered by the Board of Grain Commissioners.

Frankly, the Canadian Wheat Board was unable, in several years of trial, to find a method of car allocation which was satisfactory to all concerned. Eventually, we came to regard it as an impossible task. That is from the official of the Wheat Board who holds the official title of Superintendent of Transport.

In a circular issued to members, entitled "A Call to Action", the Saskatchewan Wheat Pool commented on an innovation to the Car Order Book provisions of the Act brought into effect by Order-in-Council in 1939, and later enacted as an amendment to the Canada Grain Act in 1947, to which we have already referred as designed to benefit the elevator company rather than the farmer. The Pool said:

The Car Order Book was brought back into operation in May of 1944, and in October of that year an Order in Council was passed respecting its use. This order provided that where a farmer enters his name on a Car Order Book and delivers and sells his grain before the car is delivered, he may transfer his right to the car to the elevator.

And then a heading in the letter:

Car Order Book requires Co-operation:

It is hoped that this provision will be incorporated into the Canada Grain Act. One of the things which will decide whether it is incorporated into the Act will be the use made of its provision by growers. *Given co-operation from growers, it clearly makes it possible, in times of shortage of space, for farmers to deliver much more grain, if they wish, through a given elevator, than would otherwise have been the case.*

I think I should repeat that sentence.

Given co-operation from growers, it clearly makes it possible, in times of shortage of space, for farmers to deliver much more grain, if they wish, through a given elevator, than would otherwise have been the case. The provisions of this Order in Council is a real step forward but is one which requires the co-operation of Pool members with their elevator agents if full use is to be made of it. What is needed is a better understanding by growers of the use of the Car Order Book and a better knowledge of their rights respecting it.

In its issue of April 13, 1944, the "Western Producer", the official organ of and owned outright by the Saskatchewan Wheat Pool, dealt at length with the allocation of box cars. In this article it stated:

It should be noted that during the whole course of the growers' battle against the permanent storage capacity method of car allocation, the Wheat Pool, its members, and Board of Directors, have continued to fight for freedom of choice. There has been no suggestion, as implied in this letter that the intention of the Pool was to have all grain delivered to its elevators. The battle has been for the right of every grower to choose the elevator to which he delivered his grain. Inherent in this is the right of the individual grower to deliver to any line company if he preferred it, and this has always been the intent of the Canada Grain Act which was passed in the first instance at the request of Western farmers for their protection, and is still regarded as their "Magna Carta".

In the fall of 1946 the Saskatchewan Wheat Pool sent a letter to its members, through Local Committee Secretaries, urging use of the Car Order Book. In this letter it was stated:

Let us organize a non-delivery strike to Line Elevators and take as our objective: 100 PER CENT OF EVERY POOL MEMBER'S GRAIN DELIVERED TO A POOL ELEVATOR.

The Wheat Board has announced that up to August 15, 1946, the delivery quota will be 10 bushels per acre on wheat and barley. Definite quotas are to be established after that date. If there is danger of our Pool Elevator being plugged, we, as farmers, can use the Car Order Book and see to it that box cars are spotted at our Pool Elevator as quickly as the cars come in.

Our Pool Agent is willing to help us make the best possible use of the Car Order Book. A little co-operation will do that trick.

If possible, telephone or get in touch some other way with the Pool Agent and let him know when you expect to start combining or threshing and how much grain you expect to deliver.

When the Car Order Book was suspended in 1951, the Saskatchewan Pool Directors immediately protested its suspension in wires to the Minister of Trade and Commerce, the Minister of Agriculture, the Transport Controller, the Canadian Wheat Board and the Board of Grain Commissioners.

The Board of directors made one point clear, that they as individuals and as a board, were just as anxious as the Canadian Wheat Board to facilitate the marketing of the crop, and to the extent that temporary suspension of the car order book on an individual basis was necessary to attain the objective they were not objecting to such a course. They considered, however, that the suspension of all car order books to achieve this objective was entirely unnecessary.

Since 1951 there has been a gradual shifting of position by the wheat pools. I have outlined to this committee, at some length, the position taken in the past by the pools that car cycles were unsatisfactory and the car order book provisions of the Act provided the only workable basis of enabling the farmer to deliver to the elevator of his choice.

The care and thought that have been put into the car order book provisions of the Act must be evident to this committee. Any improvement that

could be conceived must keep in mind that these provisions of the Act are solely for the protection of the farmers' rights and in no sense for the advantage of one competitor as against another for the farmers' business. We are surprised at the representations now being made by the pool elevator companies in view of the many statements they have heretofore made in which they have fully appreciated this point of view.

The farmers' choice today may not be his choice tomorrow. It may be that the Saskatchewan Pool is losing out in popularity. The Manitoba Pool appears to have held its business and the Alberta Pool has suffered only a slight loss in percentage of the crop handled. It may be that the Saskatchewan Pool has found that it cannot persuade the farmer to use the car order book to deliver to its elevators in the volume it desires and is now appealing to parliament to gain patronage by legislation which it cannot secure by ordinary competitive means.

The answer to the cry—"permit the farmer to deliver to the elevator of his choice"—lies just where it has for the past 53 years—in the car order book provisions of the Canada Grain Act.

Now we wish to make our observations on the pool proposals for amendments to the Canada Grain Act and the Canadian Wheat Board Act, which have been circulated, I believe, to all members of parliament and which were referred to here yesterday:

Under date of March 24, 1955, the Saskatchewan, Alberta and Manitoba pools forwarded a communication to all members of parliament under the caption "Farmers' Right to Deliver Grain to the Elevator of their Choice" in which they proposed certain amendments to the Canada Grain Act and the Canadian Wheat Board Act. After reviewing that document it appeared to us that the proper place to offer our comments on it would be before this committee.

1. *The Car Order Book*

We believe it is imperative to maintain the basic protection afforded to producers by the car order book provisions of the Canada Grain Act. Even with limited quotas for delivery of grain, the car order book is still a means by which a farmer or a group of farmers in any district may ensure the marketing of their grain by ordering a car to be placed for loading at the elevator of their choice. No one has suggested the repeal of the car order book provisions of the Canada Grain Act.

2. *Right to Deliver to Elevator of Farmer's Choice*

Similarly there is no dispute between producers or elevator operators as to the desirability of preserving the right of all farmers to deliver grain to the elevator of their choice. But what are the suggestions now put forward by the pools? Do they accomplish this desirable purpose? It is submitted that they do not. It is further submitted that these proposals in fact have the reverse effect in that, if implemented, they would result in denying the farmer the right to deliver to the elevator of his choice at the time when he is ready to make deliveries.

3. *What are the Proposals?*

Broadly stated, the proposals would require each farmer, prior to harvest time, to advise the Board of Grain Commissioners of his address, his seeded acreage the previous year and his delivery preference for the coming year. On this information, a so-called "car cycle" would be developed under which box cars would be allocated on the basis of expected crop and elevator preferences indicated before the crop is harvested and available for delivery.

4. *What is Wrong with these Proposals?*

(a) When the farmer's crop is ready for market, he must deliver it to the elevator for which he has expressed a preference long before harvest.

(b) He is thus effectively denied the force of competition at his delivery point. He is denied the benefit of "shopping around" to obtain the best "deal" from competing elevator operators. He has lost his bargaining position in the sale of his grain measured in terms of grade, dockage and service.

(c) He is committed to a "freedom" of choice which in fact is the reverse of freedom in that it precludes him from exercising any freedom whatever at the time he wishes to exercise it, namely when he delivers his grain.

(d) Freedom of choice ceases to be a freedom or right unless it can be exercised at the time of selling his grain, rather than at some time well in advance of sale.

5. *One Elevator—One Box Car*

It has been alleged that Canadian railways have recently been following the policy of allocating box cars on the basis of one elevator—one box car. This allegation is not in accordance with facts. An examination of the shipments during the 1954-55 crop year reveals that at most points at which more than one elevator was operated, the distribution of cars between competitors would be unequal. The hon. the Minister of Trade and Commerce in the debate on Bill No. 22 dealing with this subject said (Unrevised Hansard—Page 3755):

This and similar proposals have been based upon two misconceptions. One is to the effect that under present conditions each elevator in western Canada is afforded the same opportunity as its competitors to ship grain, because of an equal division of box cars, depending upon the will of the railway company. This idea is completely wrong. Take at random 50 points in Saskatchewan with two or more elevators, and you will probably find 50 elevators which have handled and shipped more grain than their competitors. Naturally so, for those with greater patronage or larger facilities are likely to have more grain of the types which the Canadian Wheat Board authorizes for shipment. Or again you may find that an elevator company has deliberately chosen to ship less of its authorized quota from one point in order, for some reason or other, to be able to ship more of its authorized quota from some other point.

Under non-restrictive shipping, the reasons why one elevator at a given point ships more cars than its competitor at the same station are not related to railway policy but may include such reasons as the competitive standing of the elevator company in the community and the aggressiveness and popularity of the agent, or one elevator having more of one kind or grade of grain which the Canadian Wheat Board may require to be shipped. Another reason would be that the extensive use of the car order book, at certain stations, has resulted in one elevator at a point shipping more cars of grain than other elevators at the same point. This is the natural result of producers exercising the freedom of choice which is now theirs under the car order book provisions of the act.

At the present time, the elevator company, when instructed by the Canadian Wheat Board to ship a certain quantity of one grade of grain, endeavors to allocate shipments to the most congested points and congestion varies between elevators operating in competition with each other at the same point.

6. *What are the Benefits of Free Competition?*

The commerce of our nation has been built upon and has prospered through free competition. The basic benefits of free competition are at least twofold. Firstly, it enables a producer to market his produce through more than a single channel, thus assuring him a bargaining position of great value. Secondly, it penalizes inefficiency with the result that the producer is assured of the services of efficient operators.

7. *The Railway Act*

The car order book provisions of the Canada Grain Act and section 319 (3) of the Railway Act preclude any railway company from giving undue or unreasonable preference, or distributing or allotting box cars in a discriminatory manner. The section of the Railway Act reads as follows:

No company shall

- (a) make or give any undue or unreasonable preference or advantage to, or in favor of any particular person or company, or any particular description of traffic, in any respect whatsoever;
- (b) by any unreasonable delay or otherwise howsoever, make any difference in treatment in the receiving, loading, forwarding, unloading, or delivery of the goods of a similar character in favor of or against any particular person or company;
- (c) subject any particular person, or company, or any particular description of traffic, to any undue, or unreasonable prejudice or disadvantage, in any respect whatsoever; or
- (d) so distribute or allot its freight cars as to discriminate unjustly against any locality or industry, or against any traffic that may originate on its railway destined to a point on another railway in Canada with which it connects.

8. *Car Cycle is not the Solution*

From the standpoint of continuing the obvious benefits of free competition: in the best interests of the producers of grain in Canada, and from the standpoint of the national interest, it cannot be said that a system of box car allocation restricted to prior acreage seeded and predetermined delivery preference, is or could be beneficial to the farmers.

Those who advocate a car cycle plan do so on the basis that it is simply an expediency to deal with the situation as long as congestion lasts, not as a permanent thing to become rigid and static. The hard fact is that no car cycle can be expected to relieve the existing situation. There is no shortage of box cars. May we adopt the language of the Minister of Trade and Commerce who recently said (Unrevised Hansard, May 13, 1955—page 3755):

The other misconception is that there is a scarcity of box cars for grain shipment. . . .

If the congestion is not caused by a shortage of box cars, how can it be relieved by any system of box car allocation?

We fully support the statement of the Minister of Trade and Commerce when he said (Unrevised Hansard, May 13, 1955—page 3754):

. . . it must be repeated that the car order book already provides all that is necessary to enable a grain producer to have placed at the elevator of his choice a car for the loading of his own grain.

Our Observations and Suggestions:

We feel that the car order book legislation with which you must now be fully familiar, takes care of the situation insofar as it is possible to do so. To endeavor, by legislation, to take care of every varying contingency that might arise would result in confusion and would be detrimental to the farmers' interests. Members of this committee who are familiar with farming operations in western Canada know of the great variations in the quality and quantity of crops produced from year to year. The elevator companies are responsible for the handling, grading and conditioning of these crops. Those members of the committee who were farming in 1951 will long remember the tough and damp crop harvested that fall. In order to move that crop country elevator companies accepted great quantities of out-of-condition grain during periods of car shortages and assumed risks that might have been considered far beyond prudent business practice. Those not engaged in the trade cannot know of the risks that were taken by the country elevator companies to save that crop. The size of the grain crop has varied from 366,605,000 bushels in 1937 to 1,325,244,000 bushels in 1952. Consequently in some seasons, elevator companies are faced with congestion, while in others the crop moves freely to market.

This committee is being asked to solve a problem of percentages. One elevator company is dissatisfied because its percentage of business has fallen off. That is the meat and the core of the problem which is before you and which you are being asked to consider. In the physical handling of grain it is one problem to handle 50 per cent of an average crop and quite another problem to handle 50 per cent of a bumper harvest or a low-grade and out-of-condition crop. And you compound the problem when a large portion of the elevator space is not in use due to quotas and delivery restrictions. This assertion is borne out by an official pronouncement by Saskatchewan Pool directors in their annual reports to members. We quote from the Saskatchewan Pool report, 1951 (Page 45):

That in periods of heavy crop delivery, delivery quotas should be maintained at all points in order to provide a more equitable division of elevator space and give growers the opportunity to deliver some grain in the heavy delivery period.

Now from the 1952 Saskatchewan Pool report (Page 47):

The maintenance of the quota system is of vital importance in view of the heavy crop production this year. The situation calls for the greatest possible degree of co-operation between the Canadian Wheat Board and the farmers of western Canada. As a merchandising agency the Wheat Board must at all times have stocks available in proper selling position. At the same time producers must accept some responsibility for holding wheat on the farm when proper storage accommodation is not available elsewhere.

In 1953 the Saskatchewan Pool report said (Page 49):

In periods of heavy crop production uniform delivery quotas should be applied and maintained at all points in order to provide an equitable division of elevator space and give to all growers the opportunity to deliver some grain in heavy delivery periods.

The 1954 Saskatchewan Pool report refers to unfilled elevator space (Page 7). We quote:

Canadian Wheat Board shipping requirements, as set out in preferences for certain kinds and grades of grain, tended to create unfilled space in some areas, while others remained badly congested.

Size and condition of a crop alone is not the final and deciding factor in the percentage of the crop that any given elevator company will handle. The competitive factor must be taken into account. The percentage of Saskatchewan marketings handled by the Saskatchewan Pool has varied substantially over its history. As far back as 1929-30 they handled 49.8 per cent of the crop with 1,046 elevators. By 1931-32 that percentage had dropped to 40.22 per cent with 1,066 elevators. No one would say the dirty thirties produced bumper crops, or even out-of-condition crops, in Saskatchewan. This shows that competition plays an important role in volume of handling. We cannot imagine anyone, with the sole interest of the farmer in mind, denying that competition in grain handling is of benefit to the producer. We feel that the great majority of farmers in western Canada will agree with the statement made by the Right Hon. Mr. Howe in parliament a few days ago in discussing Bill No. 22, when he said:

The bill would attempt to freeze, as of October 1, the percentage of shipments to be made by different elevators during the following year, and consequently the percentage of grain that each elevator at a given shipping point might expect to receive. That is to destroy competition in service. Nothing could be more contrary to the spirit of the Canada Grain Act, which endeavors to promote competition. Nothing could be more contrary to the basic philosophy which has animated parliament in the past and the major parties represented herein.

Farmers want competition at the local point, yet in recent years much has been done to destroy it. For example, in 1931 the Saskatchewan Pool had 1,066 country elevators, of which 134 were at single elevator points without competition. Today the Saskatchewan Pool, with 1,134 elevators, is operating 243 elevators at which there is no competition. We are constantly receiving petitions from farmers requesting us to build elevators at points where there is only a pool elevator. Competition is in the best interest of the farmer. It brings him the best returns. We agree that the principle of competition should be fully maintained, under the Canada Grain Act and the Canadian Wheat Board Act, in the handling of the producers' grain. Competition will be maintained if the farmers' interest is kept paramount.

The real problem before you is the competitive handling of the farmers' grain and it must be remembered that only through competition is the farmer enabled to deliver to the elevator of his choice.

We agree that Wheat Board grain must move forward at all times to meet market demands. This grain should be moved in a manner which will not prejudice the competitive privileges of the farmer in times when elevator space is at a premium, and likewise, at times when there must be a fair distribution of grain for storage when space is plentiful.

Numerous proposals have been advanced relating to the distribution of box cars. You may wonder why we so far have not made a concrete suggestion. The reason is this—any plan to distribute cars on a rigid or fixed basis either between shipping companies, or between shipping points would result in certain chaos. It is a perfectly normal procedure to change shipping orders as frequently as once a week, and it is inevitable that they will be reviewed and in many respects changed at least once a month.

The eastern route through the lakehead absorbs the greatest individual volume. This is followed by a large volume through Vancouver, but there are other destinations which require specific grades and at specific times, i.e., Churchill. The flour mills and malting companies require that their shipments be spaced to suit their needs.

It was true before we had a Wheat Board, and it is equally true under board operation that in times of congestion, either in the terminals or country elevators, the movement of grain forward from country elevator points must be in accordance with the demand for certain grains or grades of grain. This has been necessary in the past and will be necessary in the future and regulations will have to recognize this hard fact. We mention this to illustrate how impractical it would be to institute any rigid or inflexible method of car distribution.

It frequently happens that the demands of the market will provide ample space in some areas while there is a complete tie-up in others, and this occurs even though the elevator companies try their utmost to avoid it. It is not something that the government, Wheat Board, or the grain companies can control; the vagaries of nature, added to the practices and desires of the farmer, produce a most unequal supply of different grades as well as different grains. Consequently no man or group of men can solve this problem by any arbitrary and inelastic method of car distribution.

We are naturally desirous to co-operate with the Wheat Board and the transport controller to see that an equitable distribution of cars is made in accordance with subsection (k) of section 20 of the Canadian Wheat Board Act, which reads:

20. The board may, notwithstanding anything in the Canada Grain Act, but subject to directions, if any, contained in any order of the Governor in Council, by order,

(k) provide for the allocation of railway cars available for the shipment of grain at any delivery point, other than cars placed pursuant to a car order book, to any elevator, loading platform or person at such delivery point;

When stating this, we know that whatever system of distributing shipments may be the best for the moment, that system will need constant revision from week to week and month to month. However, we do believe that whatever system is put into effect, all grain elevator companies who operate as agents of the Wheat Board have the right to be consulted both before and after its institution, and have full knowledge of the working details. In this manner the requirements of the Wheat Board and interests of the producer can be best served.

Our suggestion to meet the present situation is that a Car Allocation Committee be set up by the Wheat Board to deal with the forwarding of grain from country elevators to terminal destinations and mills. This committee might consist of representatives from:

- The Board of Grain Commissioners for Canada
- The Transport Controller
- The North-West Line Elevators Association
- The Pool Elevator Companies
- The United Grain Growers, Limited
- The Canadian National Railways
- The Canadian Pacific Railway

This committee would not have the power to supersede the car order book provisions of the Canada Grain Act.

All of which is respectfully submitted,

THE NORTH-WEST LINE ELEVATORS ASSOCIATION

The CHAIRMAN: Thank you. We shall adjourn until tomorrow afternoon at 3.30. The meeting will be held here in the same room.

APPENDIX "A"

Information supplied as requested by Mr. Argue.

BOARD OF GRAIN COMMISSIONERS FOR CANADA

STATISTICS BRANCH

Stocks in Store in Public Country Elevators, All Grains, by Company at 31st July, 1954, as related to storage capacity

	Storage Capacity	In Store	Per Cent of Capacity
	bu.	bu.	
MANITOBA—			
Central Grain Co.	132,000	6,715	5.08
Canadian Consolidated Grain.	1,081,000	592,875	54.84
Co-operative Vegetable.	235,000	613	.26
Economy Grain & Feed.	20,000	3,830	19.15
Federal Grain, Winnipeg.	160,000	51,038	31.89
Federal Grain Limited.	2,889,500	2,073,995	71.77
Harrison Milling & Grain.	48,000	28,499	59.37
Inter Ocean Grain.	205,000	132,470	64.61
Lake of the Woods Milling.	1,979,800	1,335,407	67.45
McCallister Limited.	40,000	—	—
McCabe Grain Co.	1,415,000	1,038,684	73.40
McCabe (Shamrock) Grain Co.	90,000	86,069	95.63
Manitoba Pool Elev.	18,691,000	13,434,252	71.87
National Grain.	2,125,000	1,308,767	61.58
Ogilvie Flour.	2,481,000	1,632,637	65.80
Parrish & Heimbecker Ltd.	50,000	48,580	97.16
N. M. Paterson.	2,888,000	1,782,826	61.73
Pioneer Grain.	320,000	176,372	55.11
J. P. Riediger.	124,000	85,417	68.88
Red River Grain.	380,000	64,559	16.98
Henry Ritz.	35,000	26,804	76.58
Scottish Co-operative Wholesale Soc.	391,000	305,873	78.22
Searle Grain Co.	1,268,000	914,902	66.87
Isaac Sirluck.	50,000	43,829	87.65
St. Boniface Grain & Feed.	192,000	135,376	70.50
Soo Line Mills.	91,000	57,475	63.15
United Grain Growers.	6,569,000	4,475,497	68.13
Winkler Milling Co.	82,000	71,435	87.11
TOTALS	44,132,300	29,914,796	67.78
ONTARIO—			
McCabe Grain Co.	65,000	40,411	62.17
Searle Grain Co.	1,000,000	1,253,601	125.36
TOTALS	1,065,000	1,294,012	121.50

BOARD OF GRAIN COMMISSIONERS FOR CANADA

STATISTICS BRANCH

Stocks in Store in Public Country Elevators of All Grains, by Company,
at July 31, 1954, as Related to Storage Capacity

	Storage Capacity	In Store	Per Cent of Capacity
	bu.	bu.	
SASKATCHEWAN—			
Canadian Consolidated Grain.....	4,650,000	3,300,916	70.98
Conger Sanborn.....	196,000	170,252	86.86
Early Seed & Feed.....	41,000	8,923	21.76
Federal Grain Ltd.....	20,131,300	16,178,025	80.36
Frazer Hill Ltd.....	64,000	42,686	66.69
Inter Ocean Grain.....	659,200	446,733	67.76
Lake of the Woods Milling.....	1,862,600	1,442,065	77.42
McNab Flour Mills.....	30,000	11,758	39.19
McCabe Grain Co.....	3,405,000	3,087,667	90.68
National Flour.....	65,000	24,233	37.28
National Grain.....	11,313,200	8,744,175	77.29
Ogilvie Flour.....	2,977,000	2,436,926	81.85
Parrish & Heimbecker Ltd.....	1,969,500	1,802,321	91.36
N. M. Paterson.....	3,174,000	2,595,596	81.77
Pioneer Grain.....	18,477,200	15,283,182	82.71
Searle Grain Co.....	14,414,178	10,823,521	75.08
Swift Current.....	30,000	22,850	76.16
Sask. Pool Elev.....	75,944,900	63,263,384	83.30
Union Supply Co.....	30,000	29,710	99.03
United Grain Growers.....	11,930,000	9,437,205	79.10
Weyburn Flour Mills.....	1,220,360	1,016,991	83.33
Waskesieu Flour Mills.....	62,000	54,174	87.37
TOTALS.....	172,646,438	140,223,295	81.21

BOARD OF GRAIN COMMISSIONERS FOR CANADA

STATISTICS BRANCH

Stocks in Store in Public Country Elevators of All Grains, by Company,
at July 31, 1954, as Related to Storage Capacity

	Storage Capacity	In Store	Per Cent of Capacity
	bu.	bu.	
ALBERTA—			
Alberta Wheat Pool.....	35,113,850	31,217,754	88.90
Alberta Pacific Grain.....	18,979,500	15,923,940	83.90
Alberta Co-op. Ltd.....	42,000	5,913	14.07
Byers Flour Mills.....	70,000	73,055	104.36
Canada Packers.....	25,000	13,275	53.10
Canada West.....	125,000	33,399	26.71
Ellison Milling & Elev.....	1,856,500	1,569,921	84.56
Federal Grain Ltd.....	82,000	72,310	88.18
Grande Prairie.....	219,500	255,284	116.30
Lake of the Woods Milling.....	457,000	362,182	79.25
MacEachern Milling.....	70,000	50,934	72.76
Maple Leaf Milling.....	105,000	96,020	91.44
McCabe Grain Co.....	367,000	281,606	76.73
Midland & Pacific Grain Co.....	281,000	230,207	81.92
National Grain.....	6,924,000	5,374,632	77.62
Ogilvie Flour.....	1,911,500	1,718,838	89.91
Parrish & Heimbecker Ltd.....	1,821,000	1,406,526	77.23
N. M. Paterson.....	51,000	56,448	110.68
Pioneer Grain.....	8,652,000	7,309,470	84.48
Purity Flour.....	65,000	39,889	61.36
Searle Grain Co.....	10,151,600	8,272,952	81.49
United Grain Growers.....	24,176,500	20,006,585	82.75
TOTALS.....	111,545,950	94,371,140	84.60
BRITISH COLUMBIA—			
Alberta Wheat Pool.....	495,000	447,584	90.42
Alberta Pacific Grain.....	211,000	161,869	76.71
Buckerfields.....	20,000	8,546	42.73
National Grain Co.....	119,000	79,778	67.04
United Grain Growers.....	845,000	634,540	74.82
Vanderhoof Co-operative.....	30,000	171	00.57
TOTALS.....	1,723,000	1,332,488	77.33

HOUSE OF COMMONS

Second Session—Twenty-second Parliament
1955

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.,

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

Respecting
Annual Report of the Board of Grain Commissioners for 1954

WEDNESDAY, JUNE 1, 1955

THURSDAY, JUNE 2, 1955

WITNESSES:

Mr. Cecil Lamont, President, North-West Line Elevators Association;
Mr. J. H. Wesson, President, Saskatchewan Wheat Pool; Mr. J. E.
Brownlee, President and General Manager, United Grain Growers
Limited; and Mr. R. W. Milner, Commissioner, Board of Grain
Commissioners and Transport Controller.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.

and

Messrs.

Anderson	Forgie	Montgomery
Argue	Gingras	Murphy (<i>Westmorland</i>)
Batten	Gour (<i>Russell</i>)	Perron
Boucher (<i>Chateauguay- Huntingdon- Laprairie</i>)	Harkness	Pommer
Breton	Harrison	Poulin
Bruneau	Huffman	Proudfoot
Bryce	Johnson (<i>Kindersley</i>)	Purdy
Bryson	Kickham	Quelch
Cardiff	Kirk (<i>Antigonish- Guysborough</i>)	Roberge
Castleden	Leboe	Robinson (<i>Bruce</i>)
Charlton	Legaré	Schneider
Clark	Lusby	Stanton
Decore	MacKenzie	Stick
Demers	MacLean	Studer
Deslières	Mang,	Tucker
Diefenbaker	Massé	Villeneuve
Dinsdale	Matheson	Weselak
Fontaine	McBain	White (<i>Middlesex East</i>)
	McCubbin	White (<i>Waterloo South</i>)
	Michaud	Wylie
		Yuill—60.

(Quorum 15)

E. W. Innes,
Clerk of the Committee.

NOTE: The name of Mr. McCullough (*Moose Mountain*) was substituted for that of Mr. Bryson, and the name of Mr. Zaplitny was substituted for that of Mr. Argue after the morning sitting on June 2.

ORDER OF REFERENCE

THURSDAY, June 2, 1955.

Ordered,—That the name of Mr. McCullough (*Moose Mountain*) be substituted for that of Mr. Bryson; and

That the name of Mr. Zaplitny be substituted for that of Mr. Argue on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

WEDNESDAY, June 1, 1955.

The Standing Committee on Agriculture and Colonization met at 3.30 o'clock p.m. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Argue, Bryce, Bryson, Castleden, Charlton, Deslières, Johnson (*Kindersley*), Jutras, MacLean, Mang, Montgomery, Pommer, Purdy, Quelch, Robinson (*Bruce*), Schneider, Studer, Tucker, Weselak, White (*Waterloo South*) and Wylie.

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce.

From the North-West Line Elevators Association: Mr. Cecil Lamont, President; and Mr. C. B. Shepard, Q.C., General Counsel.

From the Saskatchewan Wheat Pool: Mr. J. H. Wesson, President; Mr. C. W. Gibbings, Second Vice-President; and Mr. R. H. Milliken, Q.C., General Counsel.

The Chairman placed on the record information supplied by the Board of Grain Commissioners as requested by Mr. Tucker at a previous meeting.

(*See Appendix "A" to this day's Evidence*).

The statement of Mr. Lamont, on behalf of the North-West Line Elevators Association, was considered and he was thanked and retired.

Mr. Wesson began the presentation of a statement on behalf of the Saskatchewan Wheat Pool.

The division bells having rung at 4.40 o'clock p.m., the Committee adjourned until 10.30 o'clock a.m., Thursday, June 2.

THURSDAY, June 2, 1955.

The Standing Committee on Agriculture and Colonization met at 10.30 o'clock a.m. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Argue, Bryce, Castleden, Deslières, Dinsdale, Gour (*Russell*), Johnson (*Kindersley*), Jutras, Kirk (*Antigonish-Guysborough*), Legare, MacKenzie, Mang, Matheson, Pommer, Purdy, Quelch, Schneider, Studer, Tucker, Weselak, White (*Middlesex East*), White (*Waterloo South*), Wylie, and Yuill.

In attendance: Mr. R. W. Milner, Transport Controller and Commissioner, Board of Grain Commissioners for Canada.

From the Saskatchewan Wheat Board: Mr. J. H. Wesson, President; Mr. C. W. Gibbings, Second Vice-President; and Mr. R. H. Milliken, Q.C., General Counsel.

Mr. Wesson resumed the presentation of a statement on behalf of the Saskatchewan Wheat Pool; he was questioned thereon and retired.

At 12.35 o'clock p.m., the Committee adjourned until 3.30 o'clock p.m. this day.

AFTERNOON SITTING (15)

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Anderson, Bryce, Castleden, Deslières, Dinsdale, Gour (*Russell*), Harkness, Harrison, Huffman, Johnson (*Kindersley*), Jutras, Légaré, MacLean, Mang, Matheson, McCullough (*Moose Mountain*), Pommer, Purdy, Robinson (*Bruce*), Stanton, Studer, Tucker, Weselak, White (*Middlesex East*), White (*Waterloo South*), Wylie and Zaplitny.

In attendance: Rt. Hon. C. D. Howe, Minister of Trade and Commerce.

From United Grain Growers Limited: Mr. J. E. Brownlee, Q.C., President and General Manager; Mr. P. C. Watt, Assistant General Manager; and Mr. H. L. Griffin, Economist.

Mr. Brownlee presented a statement on behalf of United Grain Growers Ltd., was questioned thereon and retired.

At 5.50 o'clock p.m., the Committee adjourned until 10.30 o'clock a.m., Friday, June 3.

EVIDENCE

JUNE 1, 1955.

3.30 P.M.

The CHAIRMAN: Before we start, I have the answer to the question asked by Mr. Tucker. Here is your answer, Mr. Tucker, the increase in storage capacities by licensees as of July 31, 1954, over July 31, 1953, figures. It is given for all the three western provinces. The easiest way would be to print it. Is it the wish of the committee that it be printed as an appendix?

Agreed.

(See Appendix A)

Now, you all have a copy of the brief read to you yesterday by Mr. Lamont of the North-West Line Elevators Association. There are a few additional copies for those who wish to have them. Are there any questions that you wish to ask Mr. Lamont on this brief, or shall I thank Mr. Lamont on behalf of the committee?

Well, Mr. Lamont, I wish to thank you for presenting your brief to us. Thank you very much.

Now I will call on the next witness, who is Mr. Wesson of the Saskatchewan Wheat Pool. May I call Mr. Wesson and his officials to the table.

While we are waiting for Mr. Wesson are there any questions that we can settle?

Mr. ARGUE: When is Justice coming?

The CHAIRMAN: I have not been able to ascertain yet whether someone from Justice will be able to come or not. I thought that when the minister is here he would be able to deal with that question.

Mr. ARGUE: Have you someone lined up to say what is wrong with taking sterling in exchange for grain?

The CHAIRMAN: Yes, we have somebody ready to make a statement on that.

Now I will call on Mr. Wesson to introduce the people who are with him and to go right ahead.

Mr. J. H. Wesson, President, Saskatchewan Wheat Pool, called:

The WITNESS: Mr. Chairman and members of the committee, I should like to introduce Mr. Charles Gibbings, Second Vice-President of the Saskatchewan Wheat Pool, and Mr. R. H. Milliken, Q.C., who has been the general counsel for the Saskatchewan Wheat Pool for the last thirty-one years.

May I say, Mr. Chairman, that it gives me a good deal of pleasure to appear before your committee again this year. I had a very nice time last year and you treated me like a gentleman. I intend to deal with a few of the things I dealt with last year, and to bring you up to date, chiefly for one reason. I think on the 23rd of last month you received a brief from a farm organization in western Canada in which they suggested that you recommend that a royal commission be set up to investigate a lot of these vexed questions such as the allocation of box-cars, the question of overages of grain in country elevators and whether they should be confiscated, overages in terminal elevators and whether they should be confiscated, questions of upgrading or downgrading, and the question of diversion charges. I intend to deal with these

things not at such length as last year but merely to keep you up to date. After that I want to trespass on your time for a few minutes to deal with the whole question of wheat marketing, and probably give a little different slant to what you have probably been engaged in in your discussion in parliament, and certainly a little different slant to what you received from the grain trade in this country and the grain trade in the United Kingdom. With that review we will try to analyse what the problem is at this time, and lastly I want to deal with the vexed question of car allocation; I am leaving that to the last.

I have here, Mr. Chairman, the figures of nine years' operations, copies of which I would like to pass around the room so that the members can follow my explanation. My colleague reminds me that I missed one thing which I should have said in dealing with the proposal to set up a royal commission. We feel quite free today or at any other time to give you all the information based on thirty-one years' experience and thirty-one years of record that we would give to a royal commission if it were set up. We will give it all to you.

Now if you all have copies of this I should like to call your attention to the first column. This is nine years' experience. In the first column it deals with wheat, it deals with the gross receipts, the gross overage in bushels and in percentage and the net overage. I would like to call your attention to the difference between net and gross. I said it last year and I want to remind you of it.

The gross overage or shortage is caused by either the three-eighths of one per cent shrinkage allowance being not sufficient to take care of the operation of the elevator or on the basis of good housekeeping that some agents are able to save most of that three-eighths of one per cent. Through the years between one-third and one-half of the cut-offs of all of our elevators shows a shortage; in other words, the three-eighths of one per cent has not given them sufficient protection. The net overage is a different question. When you have a net overage of wheat which is greater than the gross overage it simply means that the agent in the country has erred in his judgment in setting the dockage content. Let us say for the sake of argument that the agent estimating the dockage with his drawn samples, and through the little machine which he has for his protection, finds on the outturn that there is one-eighth of one per cent less dockage than the agent estimated, then in the outturn there will be one-eighth of one per cent too much wheat and one-eighth of one per cent too little dockage. I hope that is clear. That makes the difference between the net and the gross.

Now if you look at the top, starting at 1945-46 both the net and the gross are fairly even; both are very large, especially in the first year. As I said last year that was based on the fact that we have elevators that had not had a cut-off or a weigh-up for five and six years, and the entire amount of course was assessed in that year on the gross receipts plus carry-over, totalling 84 million bushels, resulting close to half of one per cent overage. The next year you will notice that the net overage position is less than the gross, which meant that the agent in the country did not take sufficient dockage. The next year it was 62,000 bushels gross on 86 million, .233 per cent against .360 per cent net or 74,000 bushels. Then you come to two years that are very small, .073 and .087, fairly close and .073 and .104. Those are the two years when the Board of Grain Commissioners in their wisdom or otherwise reduced the provision for shrinkage to a quarter of one per cent, so you can see it was very, very close. The Alberta Wheat Pool had a gross shortage in those two years.

Then you get your five year period, .222 and .236 net, with the bushels shown. In 1950-51 the gross and the net were still fairly close, .038 and .082. Then you come to the next three years and you will see there an enormous

difference between the net and the gross. I want to repeat what I said last year about the year 1951-52. One of the main reasons for this .321 per cent or 505 thousand bushels on a handling of 157 million, and the next year, .094 per cent and .285 per cent net of 549 thousand bushels on 192 million is based very largely on the fact, as you will see below, that we could not weigh-up these elevators. In 1951-52 only 502 weighed up, and 660 did not weigh up. In 1952-53, 531 weighed up and 628 did not weigh up. In the procedure which we carry out we estimate on the basis of drawn samples by the travelling superintendent, and if our agents have taken a little too much dockage, then that is shown. If, however, when the time comes that all this grain is shipped out and the drawn samples prove to be wrong then the money that we collected from the Wheat Board equal to the initial payment will all have to be refunded because we must deliver the grain that has been paid for, whether delivered by producers or whether it is on the basis of an overage based on the wrong assessment of dockage.

I want especially to deal with the last year. You will notice that our gross position was .050 per cent or, if my schooling is right, one-twentieth of one per cent of the total of 154 million based on the weight-up of 259 elevators and 901 not weighed. The 287 thousand bushels net left us in the same position as the previous year except in a lesser degree as there were not so many of the stocks to assess because they had been assessed the year before and the year before that, and we do not assess them twice, Mr. Chairman.

I want to call this to your attention, Mr. Chairman: Saskatchewan Wheat Pools part of that much talked of wheat that was delivered to the wheat board of 1,300,000-odd bushels not accounted for by participation certificate did not represent 287,000 bushels; it only represented 200,313 bushels. What became of the balance? I have this information for you because of questions raised this week, and I think before, in this committee, about spoiled grain. What have been the results of spoiled grain? I can tell you we have many hundreds of cars of grain that at unload tested heating, mixed heated and so on, wheat which we have taken in from the farmer on the basis of one, two or three northern, and it is obvious then if we cannot deliver to the Wheat Board that trade delivered by the farmer we have to make up the difference in cash to the Canadian Wheat Board. Let me come back to the difference between this 200,000 and 287,000 bushels. We lost by way of claims to the railway company on grain in transit, and wrecks, etc., 43,000 bushels. We had spoiled grain in the amount of 44,000 bushels that was drawn out to the nuisance ground. All this wheat is weighed before it is drawn out to the nuisance ground. If it was not weighed it would leave the elevator agent with a shortage, so it is all weighed. It is obvious that we could not turn either the 44,000 bushels spoiled grain over to the Wheat Board or yet that grain that was lost in transit, and claims are going on steadily.

Now if you look at the bottom, Mr. Chairman, for the whole nine years' operation you will see that our gross was .137 per cent and our net .233 per cent. Of the gross, if my figuring is right, that represents about 8 pounds on each 100 bushels of wheat. Then you take the recap of all these grains and you make your same calculations with oats, barley, flax and rye, and you will see in some of these grains sometimes there is a gross shortage, sometimes a net shortage in the different years, but over-all, taking all these millions of bushels—I will not use the odd pounds—over 81 billion pounds, it left us with a percentage of an overage of .174 per cent, and I think that would probably be 9 or 10 pounds on every 100 bushels based on wheat.

Now the question has been raised whether all this overage when it occurs should not be confiscated or turned over to the Wheat Board for distribution. It is obvious, Mr. Chairman, that the 200,000 bushels of wheat

that we turned over to the Wheat Board this year was brought about simply because the agent had overdocked. Now suppose he had underdocked, who takes the loss? The pool members who deliver their wheat to pool elevators. If there is a small gain who does this wheat belong to? It belongs to the pool member who has delivered this wheat to his own organization and it is distributed as part of the dividend at the end of the year.

To forestall a question later on, somebody is going to ask me how this applies to line elevators. Mr. Lamont could answer it himself if he wanted to, but I will answer it for him. I would think that in view of the fact that the line elevator as a corporation or as a company take the risk of shortage or loss, then they ought to have the same protection to maintain what they have over in the event of surplus. In other words, if all this grain on the basis of a surplus is to be confiscated then somebody must guarantee against losses. That is our opinion so far as country elevator overages are concerned.

Well, Mr. Chairman, I want to come to another question that has been dealt with in different briefs, and again I have a copy to pass around the table. This will show the record for the Saskatchewan Wheat Pool operations for twenty-nine years. If you follow down the line it will show you the total handling in each year and the grade loss or the grade gain in each year. It shows there ten years in which we had a grade gain and nineteen years in which we had grade losses, and when you subtract the grade gains from the grade losses we have a net loss of \$2,645,000, and on the basis of each 1,000 bushels it represents 90 cents of the grade loss over-all which the pool farmer received through the years. Now it has been stated by some people that these grade losses mean nothing, it does not matter about grade losses in the country because you can always make it up in the terminal. I should like to say this to you: last year—and these are recent figures which I have in my memory—we handled 150 million bushels of grain. We only unloaded 84 million in our own terminal; the balance went to Canadian mills, it went to line terminals, the Manitoba Pool, the Alberta Pool and to Churchill. It is obvious to me, Mr. Chairman, that if we shipped a carload of wheat to a Canadian mill and that grain is shipped by the agent, wheat that in his opinion grades No. 2 Northern, he has settled with the growers on the basis of No. 2 Northern, if the government inspector—that is Mr. McKenzie's inspector—says in his opinion it is only No. 3, that is all the mill pays. I should like somebody to tell me how it is possible for us to retrieve that loss between No. 2 and No. 3 Northern. What we have to do again is to make up the difference in the adjustment with the Canadian Wheat Board at the end of the year.

Now I should like to deal for a moment with the question of overages in terminals. As most of you know, the operation of a terminal elevator is not the same as the operation of a country elevator. The agent of a country elevator must carry the full responsibility of grading the grain in, binning it and grading it out. He takes the responsibility of correct weighing with the provision of the balanced beam and the protection which he has on the basis of three-eighths of one per cent for shrinkage. With the terminal it is different. The government weigh-masters—you saw this yesterday when Mr. McKenzie was presenting his report—are fully responsible for weighing the grain into and out of terminal and the inspection department under Mr. Dollery have the full responsibility of grading our grain into and out of terminal. How then can you accumulate overages? There are a number of ways that this is done. It used to be that the automatic sampler took in from 12 to 15 pounds which was not included in the unload weight of the car. Mr. McKenzie and his group put a stop to that and reduced that amount I think in 1953, but that did create a considerable surplus. Then

in the discharge of grain to boats there is a sample about 3 pounds taken from the grain on each of two or three drafts. That grain accumulated quite a little bit of overage. Again the Board of Grain Commissioners reduced that amount; it had to be turned back into the stream, so that was dispensed with. Then there is a shrinkage allowance of 30 pounds for wheat per car, 50 pounds for oats and barley, 70 pounds for rye and 120 pounds per car for flax. I do not know that there is an awful lot saved in actual bushels and pounds out of the things I have outlined to you, but in the operation of cleaning grain, and then recleaning screenings it is possible to salvage some grain. To the extent of course that you salvage grain you reduce the volume of your dockage. I think I can give you an illustration. Last year I paid on a carload of flax that might have 1,700 bushels in it and 15 per cent dockage, and in the dockage there might be 2½ per cent of good wheat, under the Canada Grain Act it is all dockage at 2½ per cent. All terminal elevator companies spend time and money, wages and power to clean and reclean, and if you can salvage 2½ per cent on a 1,700 bushel car, you can figure that you have over 40 bushels of wheat. Now you have reduced the amount of dockage or screenings, but you have that much more wheat to sell.

In the process of cleaning, we have many bushels in the form of wheat heads. We go to a lot of expense with certain classes of machines with which we thresh these wheat heads and if all these savings were to be confiscated as proposed by that brief, I think every grain man in the room would agree we would not go to the expense of the separations. Why should we save it? What has been the position in pool terminals? As you know, we operate over 20 million bushels of terminal space at the head of the lakes. Starting in 1946 and up to January 13, 1954—I will not give you all these pounds, because I do not like to read billions of pounds—but the net value of the overage is \$839,000 in seven years. If you look at the amount of grain that went through pool terminals each year we were actually able to salvage just over \$100,000 a year or \$2.46 per carload. I call that excellent housekeeping and excellent operations.

I want to say one or two things about diversion charges, and I will speak briefly about them because I dealt with a lot of these things last year. I notice in the discussion of this committee on the brief presented by a western farm organization they presented an outline on diversion charges to you, but you never raised the question with them. That group feels strongly that diversion charges on grain are not justified, more so at present when companies have at all times more grain available at their terminal points than they can possibly handle. The only reason we divert grain to other terminals is because we have more grain than we can handle. We do not have more grain than they can handle, or they would not be able to accept our diversions to them and unload them. They say farmers regard diversion charges as an unlawful tax on their own grain which is paid to elevator companies for services they have never rendered. Let me give you up-to-date information on this question from last year's operation. You will see it amounts to a great deal of money and it does not cost the farmers one single cent. We diverted at the lakehead last year—the Manitoba Pool was the biggest recipient—grain on which we received diversion of \$192,000. I do not think I will read all these figures, but the Manitoba Pool paid to us for grain diversions, \$192,000 and the total we received from all terminals at the head of the lakes was \$380,000. Then, at the Pacific coast we shipped a lot of grain at the request of the Canadian Wheat Board and the Alberta Wheat Pool paid us \$161,000, and we received \$15,000 from other coast terminals making a total received on diversion charges of \$555,000 last year. Who can

say that cost the farmers a cent? It is obvious that if we shipped our grain to the coast, and if the Alberta Pool had not paid us this diversion charge, that the Alberta Pool would have had \$161,000 more to distribute to their own members. If the Manitoba Pool had not paid us \$192,000 the Manitoba Pool would have had \$192,000 more to distribute to their own pool members. As far as the line companies are concerned, they paid us a total of \$188,000 for diversion which would simply have increased the profits of the line terminals, and we would not have received the money. Up to now you will agree it does not cost the farmers in western Canada one single cent.

Now, let us deal with mills. At the request of the Canadian Wheat Board we diverted to mills a lot of wheat this year and under agreement they pay us a basic price of two cents a bushel which is called a diversion charge over the daily price which is quoted by the Wheat Board, and becomes part of the purchasing cost. This is not a new thing; it has always been there. Many years before the pool started, and I would think before the United Grain Growers, these amounts were always paid, because Canadian mills were glad to get this grain diverted to them for milling rather than have the companies ship the grain to the terminals and making earnings out of it, and then have to ship it back again. During 50 years of this practice, the Canadian mills have never objected to it.

Why is it, Mr. Chairman, there is so much criticism about this so-called unwarranted earning that the farmer is supposed to pay for, when everyone who knows anything about the grain business knows full well that any man or corporation or even governments who would build a terminal anywhere, without county elevator feeders, would know if he is going to get grain he is going to have to pay for it. They operate as a unit. A terminal cannot operate without feeders. That is why the Canadian National Railways and the Canadian Pacific Railways and the government leased their properties many years ago. They got nothing except the slop over of abnormally big crops. What did we collect from the mills? \$372,000. The main bone of contention, of course, is the diversions to Port Churchill. We collected \$70,500 from the wheat board last year. As I said last year, we do not think the Wheat Board should pay this diversion charge. Why do they? I am sure the Wheat Board would not pay it if they did not have such a splendid arrangement where they can store wheat there—for 3 cents for a full year, it used to be one cent I think. If the Board of Harbour Commissioners said to the Wheat Board, "We expect you to pay to us the same storage you pay to other terminals," which for a full year would amount to 10½ cents a bushel or one thirty-fifths of a cent per day—then we would expect the terminal to pay the diversion. Because there is a terminal at Churchill with no feeders in the country to give them supplies, there is no more reason why they should get supplies for nothing, anymore than anyone else in private enterprise. That is the answer to Churchill. It pays the Wheat Board better to pay this diversion charge of 1½ cents a bushel rather than pay to the terminal at Churchill the full storage cost of 10½ cents and then let the terminal pay the diversion charge. It saves money for the farmers in western Canada so all in all on diversion charges we made \$1 million, and we do not propose to forfeit that income for Pool members. It does not cost the farmer anything. Even if you include Churchill, the farmer saves money on the basis of my calculation.

At this stage, Mr. Chairman, I said to you that I intended to give a general review of the whole wheat picture. I made up my mind to do this long before receiving the invitation of your good chairman to come here. So many wild statements have been made on this subject and a lot of the statements have had a motive. There are stories of all these accumulated stocks of wheat,

and stories of carry-over which I will prove to you are unsound, used by the grain trade on this side of the water as well as overseas in an attempt to get the price of wheat down. I think it is time someone put on the record the tremendous job the Canadian Wheat Board has done for the western farmer. They do not brag themselves. No doubt the Wheat Board last week would have dealt with the past operation on the basis of the reports tabled in the House of Commons. I am going to go back for a few minutes to the years 1945 to 1950—six years inclusive. According to the Wheat Board reports, they received approximately 1,800,000,000 bushels of wheat, or an average of 300 million a year. Then we started a series of three years of huge crops, and it has been said so many times it equalled the normal production of five years. In the six years that I mentioned we produced an average of 355 million bushels of wheat a year. 300 million each year went to the Wheat Board. Then we come to three years, 1951, 1952 and 1953 when the farmers did not produce 355 million bushels a year, but produced almost 600 million bushels a year or nearly 1,800,000,000. The farmers delivered to the Wheat Board in those years 454 million bushels in 1951, 533 million bushels in 1952, 398 million bushels in 1953 and if you are using your pencils, I think you will find that it totals 1,385,000,000 all of which was delivered to the Wheat Board. What has become of it? In the document you were discussing with the Wheat Board last week, I think it says that there are approximately 121 million bushels of wheat still left to sell at the end of April. If the Wheat Board can dispose of that amount or nearly so by the end of July, it means that the Wheat Board in four years has sold 1,385,000,000 bushels of wheat. It has taken them four years to sell the production of these three large crops. I have said on many occasions, Mr. Chairman, that all things being equal, and with a normal demand for export wheat, it should take the Wheat Board five years to sell the production of those three years and they have done it in four years.

What have we done so far as exports are concerned? The Wheat Board in 1952 exported 386 million bushels of wheat. In 1951, they exported 356 million bushels and last year, at the end of July, 256 million bushels, and if you total these three figures you will find that in the three years we exported from this country only 2 million bushels short of one billion—or 998 million bushels.

How does that compare with previous years? In 1950-51 we exported 241 million bushels. In 1949-50 we exported 225 million bushels. In 1948-49 we exported 232 million bushels, in 1947-48 we exported 196 million bushels. In other words, in spite of the criticism about the Wheat Board being lax in getting rid of this wheat, even last year with a bigger reduction than the two previous years, the exports are a long way above what they exported six years prior to this big year of 1951-52—an export of 998 million bushels. If my figures for this season are correct, Mr. Chairman, they reveal that up to date we have registered for export clearances away in excess of the amount at the same time a year ago, and while I am looking for a bigger export than a year ago of 256 million, no doubt the Wheat Board will be disappointed because they told our delegates at the annual meeting that they expected to export 300 million bushels this year. You discussed with the Wheat Board the position of the United States, and the enormous amount of wheat they have to sell; in all probability the difference between 250 or 260 millions and the anticipated sales of the Wheat Board of 300 millions have been replaced by the United States—not sales—but exported under the giveaway policy. What are we going to do? Let us look at our problem. I want to point out what is said on page 51 of the Board of Grain Commissioners report where it shows a carryover in the amount of 590 million bushels of wheat at the end of last

July. This is to be found on page 51, Mr. Argue, if you are looking for it. When these figures were issued approximately close to the figures of the Bureau of Statistics in August, I challenged them and still challenge them. I am not challenging their figures on the visible supply in country elevators and all down the line, but I did challenge and I will continue to challenge the figure of 205 million bushels of wheat left on farms. Do you know that when the Wheat Board received its first report from country elevator agents last October on the potential deliveries of wheat including carryover and new crop they estimated deliveries from the old crop of not 205 million bushels, but 150 million bushels. Now, the figure I used as a maximum carryover figure was not 590 million bushels but 536 million bushels.

Now take the Wheat Board report and the wheat they had to sell at the beginning of August—378 million bushels—and add to it 150 million bushels and I think the ex-school teachers on this committee will agree it totals about 528 million bushels, and not 590 million odd.

Now, let me go further and deal with the total potential deliveries. Elevator agents estimated that with 150 million potential deliveries from carry-over plus the new crop, they anticipated a delivery in total of 410 million bushels which would clean out all stocks on the farms, statistically. Now, in the month of January they submitted a further estimate to the Wheat Board. That figure was reduced to 380 million, and they made another one recently, and the figure is now down to 368 million potential deliveries. That means farmers have yet to deliver as at May 11th, 190 million bushels before the end of July. Since 178 million are delivered in that first reduction of 30 million from the 410 million, and then this other recent reduction of 12 million, I do not know how much applies to the new low grade crop or the carryover. If none of it applied to the carryover you could see these figures were always badly misleading, they affect the grain trade of the United Kingdom—and in all the grain newspapers such as *Bromhall's* which I read religiously—they say the price of wheat should go down as Canada has 600 million carryover almost enough to supply Canada's export and domestic demand for two years. This kind of information gives propaganda to importers. I would like to make a suggestion to the Bureau of Statistics in Ottawa that in cases like this where there is a world wide attempt to try and destroy the price level for the farmer, they should be very careful in the figures they issue and should be certain that they are as accurate as possible.

Where does that leave us today, Mr. Chairman, in relation to the wheat picture? Statistically, all the wheat on the farms including the carry over and the current crop can be cleaned off the farms by July 31st, and if the remaining 368 million bushels is delivered, then the farmers' problem should be solved as far as grain on the farm is concerned. In other words, it is no use arguing that we ought to have a policy—and we have had one for two years—under which the farmer should be allowed to get advances of money on grain on his farm, because until he has produced his crop this year he does not have any. So far as the farmer is concerned, his storage problem is solved temporarily. What about the Wheat Board? I will stick my neck out here to say the carry over should not be in excess of somewhere between 400 million and 430 million bushels, but unfortunately a certain percentage of that carry over in all positions will be 5·6 and feed wheat maybe 150 million bushels. That is a problem for the Wheat Board. What is our problem as producers and as a country expecting to continue to produce supplies of good milling wheat? With the figures I have submitted to you, Mr. Chairman, I think you will agree that unless we can achieve a normal or a good crop of milling wheat this coming year, we are liable to be short of milling wheat before next year. What is all this talk about the problem of giving wheat away? We just have not

got it. I think the Wheat Board would like to get rid of 100 million bushels of 5-6 and feed wheat but I doubt if the Wheat Board would want to start at this stage of the game to give away good milling wheat. You all know the position in western Canada—at least you westerners do. We have some sections of the country where normally they can still produce a good crop, but we have very large areas—maybe nearly 50 per cent in Saskatchewan—where if they raise a good crop this year of good milling wheat, it will be a miracle because of the late spring. The risk of rust and frost is too great. Let us not be too optimistic about the enormous amount of wheat that we will have to sell. It just is not there. I hope, and I am sure all of you hope, that we are going to get a decent crop this year. It would be too bad, would it not, after the Canadian Wheat Board and the agencies and all the people in the export business who have helped in developing a market for wheat—one billion bushels of wheat in three years and then maybe another 260 million this year—it would be too bad after you built up this world trade if we were to find ourselves in the position where we could not continue to supply that demand? That is our problem. That is the end of my submission on this subject and now I come to the last question, car allocation.

You will remember that last year we had quite a debate in this committee meeting, and it was largely based on whether a car cycle for distribution based on past experience—and we used the years from 1945 to 1950—would be a good system as an expediency only. We did not get very far with it. After listening to the minister make his comments I thought he was rather favourable towards it. However, it did not materialize. When you come to the month of November the Minister of Trade and Commerce, the Rt. Hon. C. D. Howe, attended our annual meeting in Regina and made a splendid job of giving a review of the operation of the Canadian Wheat Board and what had been accomplished through the operations of the International Wheat Agreement. When it came to the question period, the minister found—I think to his surprise—that he was in for a real grilling from farmers in the country and not from officials of the Wheat Pool organization regarding car allocation. Prior to the visit of the minister, our delegates asked for the attendance of two of the chief men in the railway companies both living in the city of Winnipeg and both responsible for car distribution in western Canada. I should dearly love to have you listen to the taped questions and answers that went on in that regard. These men of course are not the bosses. All our delegates could get out of them in argument and cross-examination for almost two hours was, "We are doing the best we can. It is going to be one car one elevator until we get a different directive".

When the minister dealt with this question, he said he thought that this was a problem for the railway company and he suggested we should go to the top brass. He suggested we should go and see the presidents of the railways, and the delegates immediately passed a resolution insisting that we do so. I remember that the President of Alberta Wheat Pool, Mr. Plumber, and myself together with the three wheat pool vice-presidents who were the members of our inter-provincial car allocation committee together with two of our solicitors went to Montreal in December. We met with the president of the Canadian National Railway and he was not very difficult to talk to. He knew that this system was not fair. He said that while they have not agreed that cars were being spotted on the basis of principle of the car order book—one car per elevator, he said there has been a pattern developed along that line. I do not mind telling you that when these two railway officials were at our meetings in Regina they flashed a copy of a letter written by Mr. Hlynka, secretary of the Board of Grain Commissioners.

The CHAIRMAN: There is a vote in the House, and we must now leave.

Mr. WYLIE: Mr. Chairman, are we going to adjourn at this time for the day? I think we should do so because by the time the vote is over it will be approximately 10 minutes after 5.

The CHAIRMAN: What is the pleasure of the committee?

Some Hon. MEMBERS: Let us adjourn for the day.

The CHAIRMAN: Yes, we will adjourn until tomorrow morning.

JUNE 2, 1955.

10.30 a.m.

The CHAIRMAN: We will carry on where we left off yesterday when the bell rang, and I will ask Mr. Wesson to proceed.

Mr. J. H. Wesson, President, Saskatchewan Wheat Pool, recalled:

The WITNESS: Mr. Chairman, will you permit me just to summarize what I had said yesterday in connection with this matter?

The CHAIRMAN: Yes, certainly.

The WITNESS: When we adjourned yesterday afternoon, Mr. Chairman, I had just started to discuss this vexed question of box-car allocation, and I said that in last year's discussion we had in the main discussed the possibility of operating the car cycle with the distribution of cars based on a period when movement of grain was freer and there was more space, and we were proposing a cycle based on deliveries by each company between the years 1945 and 1950. Then I said that while we expected that something might materialize in this regard, it was passed over and nothing was done. I then proceeded to outline that in our annual delegates' meeting in Regina the delegates invited officials of the railway companies, both from Winnipeg, who were in charge of western distribution of box-cars. The main answer that our delegates got from these officials in Winnipeg was that as far as they knew there was only one way to distribute cars if there was no car order book in operation, and that was one car one elevator.

I made reference also yesterday to a letter which had been issued by the Board of Grain Commissioners in October signed by Mr. Hlynka, in which he said, representing the board, that their opinion was that without a car order book cars would be distributed evenly between elevators. Then the minister came in to the meeting a few days later and made a splendid address to our delegates on the operations of the Canadian Wheat Board and the operation of the international wheat agreement, and the world wheat situation generally. Then the delegates took the meeting over to argue the question of a different system of box-car distribution, and I think for the first time the minister realized that this was not a movement of the officials of the wheat pool to get a bigger quantity through the elevators but rather an insistent demand from the farmers in the country to get space so that they could deliver their grain to the elevators which they owned. In that discussion the minister, who had been reminded about statements made by these two railway officials, suggested that the presidents of the three pools could go right to the top and visit with the presidents of the two railway companies. This we did in the month of December, and two presidents—I do not think Mr. Parker was there—and the three vice-presidents—our three vice-presidents are the men who make up what we call the Interprovincial Box-Car Committee and they are the men who have been working on this question for over two years, nearly three years—attended that meeting. I had just got to the place where I was reporting on our meeting with the presidents of the railway companies in Montreal. The

president of the Canadian National Railways, while he had the famous Hlynka letter in his hand, said he did not believe that was a proper interpretation of the Act, and he said he had not notified the agents of the C.N.R. that they should carry out that proposal. He went on to say that he thought the fair system would be for agents in the country to try to fit in with the local desires of the local people, which he thought would be rather difficult, but he did admit that while it was not one car one elevator as far as they were concerned in the C.N.R. there had grown up a pattern during the past year on that basis. Then we met the president of the C.P.R. and his officials, and there is no doubt where we stand in regard to the Canadian Pacific Railway staff. He said that this Canada Grain Act is their Bible. He also picked up the famous Hlynka letter and he said, "We have instructed our agents that where the car order book is not in operation it is one car one elevator." Both presidents finally said in our interviews with them "we should be very glad if we could get a new directive," and we took it from that that the only directive they could get would be an amendment to the Canada Grain Act, because that, they said, was their Bible. We did not get very far.

Now I want to deal for a moment with this matter, but it will not take me very many minutes. There have been so many things said and discussions have taken place in different places, both before your committee and in other places, about the loss of space in elevators which might have been used last year. I think the majority of this committee will remember, at least the committee members from the west will remember, that it was the desire of the Canadian Wheat Board that every farmer in western Canada should have the right to deliver his full seven bushels per specified acre. They found in lots of places there was not too much space and they invited the companies to take grain in and issue the cash tickets and the participation certificate and dump the wheat on the ground. As far as I know the Saskatchewan Wheat Pool was the only organization that did so, at some risk because of the wetness of the ground and the continuous rain, as you will remember, at the end of last July. While statements have been made that there was lots of space in elevators to take grain in through the year, I agree that that statement is true, but it did not apply to the Saskatchewan Wheat Pool. We had a daily average of stocks in the country all through last year of over 58 million bushels, and we finished the year at the end of July with 63,200,000, where the bins were shovelled full and heaped up to the top to get the last bushel of the seven-bushel quota in. In the southwest near the end of the given year we found this picture, and that is why I am saying that there was space in line elevators but none in the pool. I have a list here of the points where we dumped grain on the ground. Taking the first two points, no space in the line elevator. We dumped 9,000 on the ground. In the next one, no space in the line elevator and we dumped 9,000 on the ground. At the next point the line companies had 30,000 space and we dumped 29,800 on the ground. At the next two point no line elevator space and we dumped 3,000 and 12,500 on the ground. At the next point 2,000 line elevator space and we dumped 3,000 on the ground. The next point 3,000 line elevator space and we dumped 29,600 on the ground. The next point no line elevator space and we dumped over 16,000 on the ground. The next point 8,000 line elevator space and we dumped 4,300. The next point the line elevator had 2,000 space and we dumped 3,500. The next point 3,500 line elevator space and we dumped 4,000. The next two are rather large, 25,000 space in the line elevators and we dumped 32,800 on the ground. The next point 18,000 line elevator space and we dumped 6,000 on the ground. In the next three there was no space in the line elevators and we dumped substantial quantities. In the last two there was 10,000 space in the line elevators and we dumped 17,700, and he next one 33,000 line elevator space and we dumped 4,200.

What did that mean, Mr. Chairman? It simply meant that the farmers in that area who belonged to the wheat pool right at the last minute refused to take their grain to the line elevator companies hoping against hope that at the last few days there would be space created in their own organization, and finally because of the wish of the Wheat Board it was taken and dumped on the ground.

I know of scores of shipping points where right up close to the end of the year there had been lots of space in the line elevators, and pool grain out on the farms, and then in the last few days when they realized it was hopeless to get the grain into the pool elevators they took it to the line elevators. Many thousands of farmers refused to do that and still had it after the 1st of August to deliver the next year when space was created.

Now I want to deal with this question of one car one elevator referred to in the line elevators' brief yesterday. I will admit that it is not exactly one car one elevator; it could not be so because of the operation of the car order book, and at some points where they made local deals with car cycles, but I want to give you this information: I have taken 59 points on C.P.R. lines where there is one pool and one other elevator. The C.P.R. spotted for the pool 3,206 cars and for the line elevator 3,250. On the C.N.R. points I chose 68 points from what looked to be even points and the C.N.R. spotted for the pool 4,144 and for the line elevators 4,040. I think you will agree, Mr. Chairman, that at those 127 points the distribution of cars was fairly close to one car one elevator.

Now I want to deal just for a moment with some other information. I have lots of it which is not going to be used before this committee because there is not time and you would not want it in any case. I have a summary here made at 120 shipping points on the Canadian Pacific where the car order books operated part of the year or sometimes the full year, against those two obstacles of Wheat Board orders, Mr. Chairman, and of small quotas. You will remember starting last year—and I am not dealing with the present year now—but you will remember that with the 300 bushels allowed to each farmer it would require six farmers to get together to load a car. I am dealing with 1953-54 and I am taking these points, and the summary shows one competitor and two and three and four and five, but I will just take the one competitor point where during the period the car order book operated, and the Canadian Pacific spotted 2,325 at the pool and 1,744 at the line. That is in spite of all the handicaps.

Now I will give you the Canadian National figures if I can find them. On the same basis, 105 shipping points operated the car order book on the Canadian National either during part of the year or the full year and in this case at the one competitor point the Canadian National spotted 1,564 cars and the opposition 1,185. That was under terrible obstacles, but it does show however that in the main the railway policy is one car one elevator.

Now, Mr. Chairman, I want to deal for a moment with this matter and make some reference to this brochure which all members of parliament received, attached to which was not an amendment to the Canada Grain Act or amendment to the Wheat Board Act, but rather principles outlined which could be the basis for first an amendment to the Canadian Wheat Board Act and second to the Canada Grain Act. We set it out in great detail, and I want you to notice that this brochure was sent not by the Saskatchewan Pool but by the three pool organizations. In fairness to the Board of Grain Commissioners I just want to make one quotation from this brochure, because I could not leave it sitting up in the air after what I said about the famous Hlynka letter, that in the month of January the Board of Grain Commissioners changed their decision and issued this short letter. "There is nothing in the Canada Grain Act which instructs or authorizes the railway companies to allocate cars

between elevators on a car for car basis when distribution is not made through the car order book." As far as I know, the Canadian Pacific Railway never changed their attitude on the question after that further letter was issued.

Now, Mr. Chairman, I listened with great interest yesterday to the brief presented by the line elevators, and I want to thank them for the publicity which they gave the Saskatchewan Wheat Pool. I am sure that my colleagues from Alberta and Manitoba must feel rather neglected and probably a bit jealous. However, I think if you find time later to read through that brief you will agree that at least through all the years the Saskatchewan Wheat Pool in all its reports and all its directives has been consistent. In the brief, in analyzing some of the statements made in our annual report, I think it states in the year 1941 that the percentage received or delivered by pool members to the Wheat Board was 39.70. That is a correct statement. Further on in the brief at page 17 I think they say, or at least they clearly raise the question as to whether the pool would not lose a percentage because the Saskatchewan Wheat Pool may have lost some of its popularity. It was not so in Alberta; they lost a very small percentage, and Manitoba again was different, but I want to repeat that the three pools' names are on that brochure that you all received. Whether the wheat pool has lost its popularity or not the records do prove—and this was not mentioned in the brief—that when we got through these different systems of cycles which we objected to according to the reports, when grain had been cleared out of the country and more space available in 1945 to 1950, our records also show that whether the wheat pool lost its popularity, pool members delivered to the wheat pool up to 53 per cent of all grain delivered in Saskatchewan. Then of course we started again in 1952. When I say "we" I mean the pool members in Saskatchewan and the other two pools, because again we were faced with congestion, and they were deprived of their right of using the system which they owned and controlled. I think I told this committee last year when dealing with the previous year that on a handling of 214 million bushels, a very large year when growers delivered 830 million in the three western provinces of all grain, 96.70 per cent of all grain was delivered by pool members to our own facilities. Last year on a handling of 150 million 97½ per cent of that volume was delivered by members of the wheat pool, and in the distribution of patronage dividend cheques, over 4,000 dividend cheques went out to members. Many thousands of those members only got part of their grain into their own facilities; many thousands of pool members could not get in a bushel because of congestion, and it is these people, our members, who are raising Cain, on this whole question, not the wheat pool, as an organization striving to get more volume, but the grower members in the country who insist on the right of using the elevators that they own. I want to compliment the North-West Line Elevators. So far as I know in my experience of thirty-one years, and many in the old Grain Growers' Association, I think this is the first public announcement when they have come out in favour of operating the car order book, if the records that I have in the office are correct, and I am not saying that they are or are not. In most cases where we have tried to operate a car order book under these present conditions—I repeat the two, the question of small quotas and the other, the right of the Wheat Board to get in and get their orders filled and leave the car order book sitting there, I say, Mr. Chairman, that the agents of these companies and that includes a good many agents—the railway companies have not given the farmers and the pool elevator operators much assistance in making successful operation. I hope they will change.

I was rather surprised at the recommendation at the end of the brief where a suggestion was made that a car allocation committee ought to be set up, and they even suggested who should comprise the membership of that committee. We prefer not to see a car allocation committee set up on

the basis of this recommendation. We prefer to allow the growers to decide where they want the cars allocated. Let me say this to the committee: the pool elevator division of the Saskatchewan Wheat Pool is not just another elevator company. The pool elevators were built by pool members to render themselves a service. The pool elevator at a local town is just as much a part of the mechanical operation to the pool member as is his tractor and combine; and to develop into a system under which the pool member can only use his facilities for only part of the time, or not at all, is just like saying to him: "a system has now been set up under which you can only use your combine for half of the crop, and you are compelled to get somebody to harvest the balance."

The members of the North West Line Elevators want a basis wherein there is freedom of choice, and freedom of competition. Let me say this to the committee: pool members do not want freedom to peddle. All they want is sufficient freedom or sufficient boxcars spotted to their elevators so that they have freedom to deliver to the elevators which they own and control and which they paid for. That is the difference in the ideology between the two groups.

If the wheat pool has lost popularity in the country, what the pool are proposing—should not make the Line Elevator Association afraid, because if this proves to be true, the farmers will choose the line elevators. We are prepared to take our chances under the new plan.

I think, Mr. Chairman, the line elevators do not believe the pool has lost its popularity. They do not want this change made. I am quite sure of this: many line elevators—and I say this without any qualification whatever—many line elevator companies during the last three years have had prosperity thrust upon them to which they were never entitled, considering the class of facilities which they operate and run and control in the country. That is a general statement picking nobody out.

We, as pool members, are not interested in competition between line elevators and the pool; all we want is the right to use the elevators which we own and control. And we suggest to you, Mr. Chairman, and to this committee, that before you adjourn your discussion you give some consideration to the question.

We have recommended the same thing to the minister, if it is not just the thing we have laid down here, we are willing to consider anything that can bring about success. We are not tied to this if something can be devised to improve on it.

I want to say this to the committee: may be you think I am talking like a demagogue, but if you were in our office and attended meetings, like my colleagues and myself attend, you would find that we get an awful riding from the people in the country, where they accuse us of doing nothing to get this question solved. I am talking not for the Saskatchewan Wheat Pool as an elevators companies, but for 100,000 farmers who own those facilities and who want to use them. I thank you.

The CHAIRMAN: Are there any questions?

By Mr. Argue:

Q. Could you give the committee an estimate of the amount of patronage dividends that the pool members have lost during the most recent years, or during the present year? If you wish to forecast this year the amount which the pool members in Saskatchewan will have lost because of the present system of boxcar distribution over what they would save if allowed to deliver to the elevator of their choice.—A. I was asked the same sort of question last year and I stuck out my neck. It was directed to me by

Mr. Castleden, and he was a school teacher. I can answer the question on the basis of last year as follows: if our people were just as free to deliver grain to the pool elevators as they were in 1945-50, and let us say they delivered 51 to 52 per cent, our percentage last year of all grain delivered by pool members to pool elevators was 44.38. But had they delivered 51.38, it would have increased our delivery on that percentage by 26 million, and would have lowered the per-unit cost, and instead of the payment 28/16 cents per bushel it might have been 3 cents. So, taking last year's pool members who wanted to deliver but could not, the loss was 3 cents a bushel last year.

Q. How much money would that be, in total?—A. Taking 26 million bushels at 3 cents a bushel, the additional would have been approximately \$3/4 of a million plus an additional 9/16c on 150,000,000 bus. or more than another 3/4 million.

By Mr. Studer:

Q. I wonder if it would be in order to ask under the circumstances, and the situation being as it is, and it being that dividends are originally paid back to the individuals who patronize the elevators and some of the other companies—I would make an attempt at it this way: the pools were brought about by the pool organizations in the first place; however, this amount that was lost to the farmers it would be lost to the farmers who regained it. What I have in mind is this: if there is a loss, then there must be a gain somewhere.

The other thing is this: the farmer must have prepaid something if there is a dividend returned to him. Supposing the handling charges could have been reduced to the extent of this possible dividend. That would have reduced it in turn to the pool elevator organization. And supposing you lost \$1 million or \$5 million as a result of not paying a dividend to the farmers instead of that the handling charge would have been reduced that fraction by the pool organizations, which would in turn have compelled other grain handling organizations to reduce their handling charges for equipment; then what would the farmers have lost? The farmers would have gained in the over-all picture, would they not?—A. I do not know if I can follow you any too clearly, but I imagine if my figures are correct, and 26 million bushels were delivered to the other elevator companies including the United Grain Growers and some of those companies, including U.G.G. having paid a patronage dividend, the farmer would have got something back, not all of it; you raised one question on which I would comment, about lowering handling charges.

Does the committee know that in spite of the fact that the cost of operation of country elevators has gone up more than 3 times, that the handling charge on street wheat is still 4½ cents, just as it was in 1938?

It cost the Saskatchewan Wheat Pool last year 8.60 cents per bushel in order to handle grain, and the only reason we got through was because of the earnings made on storage paid by the Canadian Wheat Board. When the grain is out of the country, and with nominal crops to handle not only the pool but every company will be in the red unless those handling charges are raised.

Q. Under the circumstances in which the farmer lost that 3 cents, it would mean that the companies which are operating at cost, if the pool organizations were cooperative and were operating at cost, the fact that they lost 3 cents would mean that 3 cents could have been eliminated in the original cost. The farmers are paying for the operation of their organization, which is a cooperative, the same as the wheat board; yet in the wheat board the government runs the biggest cooperative that has ever been run in the operation of the wheat board.

If however, there was a 3 cent dividend paid back through the wheat board or through any cooperative organization, the farmers, in the first place, would get the actual cost of the operation, and the three cents back, otherwise it would not be returnable to them, especially if that reasoning represents what I have in mind. When you say that the farmers lost over 3 cents, if you reduce the operation of the organization by that 3 cents, the farmer would have it originally; he would have had it before he paid it in; and if he paid in 3 cents in order to get it operating somewhere along the line—that is my concept of the thing.—A. It is quite simple. If it costs us, let us say, 8.60 cents per bushel to handle grain in a country elevator, and we were able to pay our operating costs and set up depreciation and distribute earning in the figure of 2 and 7/16ths per bushel, it is obvious that when we received that money for storage it off-set the first cost. We had a surplus, because the wheat board paid storage.

The only reason I raised the issue before was that when this grain has gone out of the country, and we are just moving grain in and out of elevators with no storage earnings, the 4½ cents a bushel would not pay the present costs.

By Mr. Quelch:

Q. If the car orderbooks were kept in operation continually, would it be possible for the farmers to provide for a fairer allocation of cars by means of clubbing together on the cars? When the quota was low, many farmers obtained a car by clubbing together.—A. That is what they do now. Unless they are large farmers, they must join together to order a car.

Q. If the car order book were kept in operation continuously, do you think that would take care of the situation?—A. Dealing with 1953 and 1954 and this year on the basis of the wheat board orders which go to all the companies including the pools. We have no knowledge of what cars go to the others, therefore we do not know if it would be fair or not. It is difficult with small quotas; and I am sure that Mr. Lamont will not mind my saying that if a group of farmers are on the car order book and our elevator is full, their turn is next, and if a line company comes through with a bunch of orders, and they get cars out of turn, the car order book sits there. That is the main weakness in the car order book, and the small quotas at the present time.

By Mr. Johnson (Kindersley):

Q. How many points are operating on the car order book system approximately?—A. I gave you the figures, I think, last year. I do not think we have as many this year because they find it impractical to operate.

Q. Part of the impracticability results from the fact that at the start of the crop year, your houses are invariably filled; therefore there is no room to take any more in of the grain which the farmers want to deliver. Therefore it necessitated a considerable delay in order that all the farmers might have an opportunity to deliver some grain. Does that not prove to be a deterring factor in instituting the car order book?—A. That is one of the main reasons we have proposed this latest plan.

Q. If you have a two-bushel quota, and if under normal operation of the car order book, some farmers might have to wait for three or four months in order to deliver their grain?

MR. QUELCH: Let them club together.

By Mr. Johnson (Kindersley):

Q. Even so, they would not be able to deliver the grain because, let us say there are forty farmers at a given point and in six months you can only get

twenty cars delivered to that point. Therefore some farmers are not going to be able to deliver any grain at all, even if they desire to deliver it; through the car order book it is very difficult to operate. I can understand why another system is necessary in a period of extreme congestion.

Mr. QUELCH: I mentioned that they should club together, but it is not always easy for them to do so.

By Mr. Tucker:

Q. I gather from what the witness just said that the wheat board gave various orders which interfered with the operation of the car order book. But if the car order book was not suspended, the Board could not interfere with it. They would still have to allot the cars according to the car order book. We were told that the car order book was suspended on two occasions because the wheat board had to move out-of-condition grain and had to meet certain orders very urgently.

I wonder if the wheat board, in such matters, before advising the suspension of the car order book for this reason, did not consult pretty closely with the pool organizations and with many others.—A. Well, Mr. Tucker, in the presentation that the line elevators made yesterday, and our presentation, I have one qualification to make: that in our desire to assist the wheat board in its marketing operations we do not object to the orders taking precedence over the first name on the car order book. We suggested that first of all, after the controller in his wisdom had decided to suspend it, and later on when it was put back in operation that is the policy now—Wheat Board orders have the preference where the car order book is in operation as it was last year the Wheat Board orders took preference over the first name in the car order book for loading.

Q. I did not understand that answer, I am sorry. There were two things I had in mind, one was when the car order book was suspended I take it that the wheat pool was satisfied that the proper action was taken in the light of the grain marketing situation?—A. No, Mr. Tucker, we objected to it.

Q. When it was suspended in 1953-54?—A. Yes, we objected to it on the ground that it was such a small number, about 200 stations in western Canada, that it should not be at all difficult for the Wheat Board to get the grain they wanted, but we did not object even at those points to the Wheat Board orders having preference where the car order book was operating. We were not consulted about it; I mean to say that the controller did not consult us as to whether he should suspend the car order book or not.

Q. I take it from your answer then that you were not satisfied when the Wheat Board did suspend the car order book at the time they did. You thought they should not have done so? I am just trying to find out what your attitude was because I understood from the evidence of Mr. McIvor that they got no complaint whatever from the pools in regard to the allocation of orders, and that was tied up with this question of the car order book suspension. When he stated that they got no complaints at all from the pool organizations I thought that there must be pretty close liaison with the pools, and they were satisfied with what the Wheat Board had done in this matter. I take it from what you say now you were not satisfied.—A. We were not satisfied when the car order book was suspended, and we made the protest on it—I think it is quoted in the line elevators' brief—that we did not object to the Wheat Board having preference to move the kind of grain they wanted, but we did not think it was necessary to suspend 200 points when it was quite easy to get all the grain they wanted at these points in preference, and all over the west. Now you raised another question and that was the operation of the Wheat Board orders this year. Certainly we have made

no protest. Why should we? We do not know whether the line companies are getting too big a share or whether we are, because we have not been informed what they get. The Wheat Board does not disclose it, so we just say nothing.

Q. That is the reason you made no protest, because you do not know whether you have been getting a square deal or not. Is that what I understand?—A. I am sorry, Mr. Tucker.

Q. I say that as I understand your stand you did not make any protest because you did not know whether you were getting a square deal or not.—A. We do not know now.

Q. Then you may have gotten a square deal?—A. We do not know, but I should like to say this to you, and we have been discussing these things consistently ever since last December, or at least our committee has, that as far as the orders of the Wheat Board are concerned it could not make very much difference until the end of the year, and then it is too late. I will explain why. Let us say the United Grain Growers have an elevator and they have an order for fifteen cars. There are three line elevators there each with an order for ten. What is the station agent going to do? They have all got orders, so he will distribute the cars equally until forty cars have been used up and then the United Grain Growers will have the other five. Therefore it cannot change the situation too much—one or two per cent or something like that maybe at the end of the year, depending on how fast the grain moves and the space made available. You cannot tell, but that is the weakness in any attempt through Wheat Board orders, and keep in mind that Wheat Board orders do not always provide your cars. That is the weakness, where everybody has orders, the agent says you are all equal, you have got an equal number of cars. In other words, the agent would not say to the Wheat Board we will allow you on the basis of one and a half cars against your orders; you all get equal, and that is how it is working.

Q. What I do not understand is this: if the Wheat Board gives the orders to supply grain and if an elevator agent of yours is on the job, why cannot he get the car order book signed up in order for you to get the cars to fill those orders. I really do not understand, in view of what has been said, why it is not possible if the Wheat Board is giving you a fair share of the orders to operate the car order book so as to see that you are able to get the cars to fill those orders.—A. If it happened to fit in with the names in the car order book with the same type of grain that the Wheat Board wanted, then you are all right, but it is understood and stated that the Wheat Board orders have preference over the car order book when the Wheat Board orders are filled you can start again.

Q. But that is only when the car order book is suspended?—A. No, that is in full operation.

Q. They have got no right to say this unless the car order book is suspended, I suggest?—A. Well, I am not a lawyer.

Q. The Wheat Board have no preference in the supply of cars unless the car order book is suspended?—A. I am not a lawyer and Mr. Tucker is. I could not say.

Q. There is the definite provision in the Canada Grain Act, and there have been prosecutions for violations. We have been told it was only when the car order book was suspended that the Wheat Board orders would take precedence. Is not that correct? Mr. Milliken is there; he can answer it.

Mr. R. H. MILLIKEN, Q.C. (*Solicitor, Saskatchewan Wheat Pool*): I always think that it is a mistake for two lawyers in a meeting to give two different opinions.

Mr. TUCKER: I suggest that if there is doubt then we have the Board of Grain Commissioners tell us about it, because if my understanding of it is wrong then I am pretty sure that the committee as a whole from the evidence already given has got a wrong impression. My impression was that the car order book had to be adhered to except when it was suspended by order of the transport controller.

Mr. STUDER: That is the impression of all of us, and if it is not we should know otherwise and we should know right now.

The WITNESS: My understanding, whether it is legal or illegal is that if the car order book is in operation today, and the next one on the list has not got the kind of grain the Wheat Board wants, it will be filled by another elevator who has that type of grain, and take precedence over the next name on the car order book, or it could be a name down the list, in our own organization.

By Mr. Studer:

Q. Would you care to say, Mr. Wesson, through you, Mr. Chairman, whether you think that any sales of Canadian grain would have been lost if the Wheat Board did not have the right to suspension of the car order book?—A. We never agreed with its suspension and our record says so. We do not think it would have interfered with the Wheat Board shipments of the kind of grain they wanted at all.

Q. If that is so, and leaving out grain which is out of condition, what would be the objective of the Wheat Board suspending it, if it would not be for the purpose of filling certain orders that might come in at any time from other countries, or wherever they might come from, for certain grades of wheat? If that is not the reason for suspension, or if out of condition grain is not the reason, then there is no reason.—A. I cannot answer that question. The transport controller will have to answer it.

Q. I think someone should answer it, because we have heard so much of this suspension of the car order book, that it was not the thing to do and that the farmers were suffering under it. I think that is the cause of the inoperation of the car order book. We have heard that before the Wheat Board should be permitted to suspend it they should take the farm organizations into consideration, and my point was that the suspension of it is to the effect that they have to be in a position to dispose of the grain upon application, or when someone is willing to buy it, as regards certain grades of grain—whether it is Greece or Turkey or some other country such as Italy that may want 10 million bushels of wheat of a certain grade at a certain time, it is the duty of the Wheat Board to supply that wheat of that grade at the specified time, and the only reason for the suspension of the car order book would be that the Wheat Board would be in a position to do that. If that is not the reason for them doing it then I want to know why this car order book is being suspended.

Mr. TUCKER: The whole committee would like to know. If the suspension of the car order book was not necessary for the marketing of our grain in the opinion of the pool organizations then I think the committee should take another look at this thing, because certainly I have such faith in the Wheat Board as to believe that they would not suspend the car order book unless they thought it was necessary in order efficiently to market our grain.

The CHAIRMAN: Possibly Mr. Milner might be able to throw a bit of light on the subject at this stage. Would you care to do so, Mr. Milner?

Mr. R. W. MILNER (*Commissioner, Board of Grain Commissioners*): Yes, I have no objection at all, Mr. Chairman. I suspended the car order book only on one occasion, as I related to the committee. As regards the car order

book at the present time, I do not know whether you would call it in suspension or how you would term it, but at the time I suspended it that meant there was nothing moving under the car order book, and that was the thing that Mr. Wesson said he objected to. The situation which is in effect now and which has always been in effect except on that one occasion is that where grain is required to meet Wheat Board commitments at a certain point it takes precedence over those cars which are listed in the car order book, and those cars are passed over on the car order book; the grain that the Wheat Board wants is shipped, and the person on the car order book does not lose his place on the car order book as a result of the shipping of the other grain required.

Mr. TUCKER: That is the situation as it is at present?

Mr. MILNER: Yes.

Mr. TUCKER: Then the car order book is not operating as laid down in the Act.

Mr. MILNER: That is correct.

Mr. TUCKER: We were not told that before.

Mr. MILNER: Well, I said that in my evidence.

Mr. TUCKER: I mean as to the car order book, as has been suggested by Mr. Wesson, it is in suspension at the present time.

The CHAIRMAN: No.

Mr. TUCKER: That is what I understood him to say.

The CHAIRMAN: No, that is not what has been said exactly. There is a difference between the two. The car order book as such is not in suspension but the Wheat Board orders take precedence over the car order book in cases where there is need to get a special type of grain.

Mr. TUCKER: In other words, the car order book is not having its full legal effect as laid down in the Act, and has been set aside for the purpose of enabling Wheat Board orders to be met.

The CHAIRMAN: That is quite true. In other words, the car order book is not fully in effect.

Mr. TUCKER: Then if it is not fully in effect it has been suspended.

The CHAIRMAN: It has been partly suspended.

Mr. TUCKER: This changes the whole picture, so far as I am concerned, as to the effectiveness of the car order book.

The CHAIRMAN: While we are on this subject we may as well clear it up. Would it be correct to say that the Wheat Board orders, in other words, that the authority of the board in the Wheat Board Act, has precedence over the Canada Grain Act?

Mr. MILNER: It has not precedence over the Canada Grain Act, with only one exception. The Canada Grain Act car order book provisions were not interfered with by the Wheat Board Act. It should be remembered that the only grain that moves is grain that moves on Wheat Board orders. That is a point that you should remember.

Mr. ARGUE: But when that takes precedence over the car order book, does not it take precedence over the car order book because of your authority as transport controller having given it precedence?

Mr. MILNER: Yes, I think it is correct to say that.

Mr. ARGUE: There is nothing in the Canadian Wheat Board Act to say it has precedence over the car order book.

By Mr. Dinsdale:

Q. I take it that this going out of turn is occurring quite frequently and completely upsetting the allocation system. Is it occurring very frequently or is it a rare occurrence?—A. I would say generally today it is impossible to operate the car order book as laid down under the terms of the Canada Grain Act, under that section.

By Mr. Studer:

Q. Would you say this, that if we could eliminate this suspension of the car order book, if we could eliminate the suspension thereof, then the farmer would have the right to deliver to the elevator of his choice through the car order book system. Is that right?—A. I think we have got to get this thing clear. The car order book is not suspended; it is in free operation except that in its operation the Wheat Board orders take preference.

Q. Then it is inoperative.

The CHAIRMAN: Let Mr. Wesson finish.

The WITNESS: Not necessarily. Suppose for instance pool elevators, in the order received from the Wheat Board, puts orders at a certain point where the car order book is in operation and we have the next six cars in line on the book. If we have not the kind of grain ordered for those six cars then it goes further down the list and fills in somebody else's name on it. If we have not got the kind of grain to deliver, and if the line companies have got orders for the same kind of grain then they will get the cars and we will just be left sitting there waiting for the next six cars and the line companies will get them to fill Wheat Board orders.

By Mr. Studer:

Q. Would not that operate in reverse and have the same application?—A. All I am saying is, Mr. Chairman, that I agree that the car order book at each railway station cannot, under these circumstances, operate in conformity with the terms of that section of the Canada Grain Act.

By Mr. Argue:

Q. At how many points now is the car order book in suspension, even in a partial manner?—A. Very few. We had over 200 last year but this year there are practically none.

By Mr. Tucker:

Q. Just so that we understand the position of the Saskatchewan Wheat Pool, I understand that Mr. Wesson approves of the present arrangements in regard to the operation of the car order book, with the right of modification of the operation of the car order book as set out in the statute, by the transport controller, in order to meet the orders of the Wheat Board. I understand that Mr. Wesson approves of that. Is that correct?—A. We approve of the orders of the Wheat Board being met, but that does not mean that we believe we can operate the car order book successfully in conjunction with this system, and for that reason while we had over 200 points on the car order book last year there are practically none in operation today.

Q. What I was getting at is that you approve of what has been done by the transport controller in regard to the car order book at the present time. You approve of the situation that has been established by the Wheat Board as to the car order book; you approve of what has been done, as I understand it, except that you feel that there should be a different provision as to supplying box-cars?—A. That is right.

Q. But in regard to what is being done at the present time I understand you approve it?—A. We approve of the Wheat Board having the full right to move its own grain as it wishes, whether it is wheat, oats, or barley, it is their grain not ours.

Q. And the car order book must give way to that right.—A. I am merely saying that it cannot be operated successfully under this plan. We do believe under the plan that we are proposing, a cycle to be set up, that the Wheat Board orders can very well be taken care of within the cycle for each company. I think that is stated very well in the brochure.

Q. Then you have in mind that the car order book could be entirely done away with altogether, is that right?—A. No, I did not say so.

Q. I am trying to find out what you wish.—A. If some grower wants to use the car order book there is no reason why he should not, and if somebody else wants to load a car at the platform, then there is no reason why he should not be allowed to do so.

Q. But if you want this cycle to operate you cannot have the car order book interfering with it, because that would lead to complete chaos, would it not?—A. No more chaos than there is at the present time, because under the present conditions of shipment very few car order books are being used.

Q. As I understand it you want to ameliorate the chaos; you do not have in mind doing away with it?—A. What I am saying is this, Mr. Chairman, that if the growers can see little advantage in trying to operate the car order book under this system then it is obvious to me that if they have the right to determine the elevator of their choice on the basis of their acreage and delivery on the system of a cycle, while the car order book section of the Grain Act should be left there I do not see why any farmer in western Canada would ever want to use it, because the principle of the car order book is set out in this plan.

Mr. JOHNSON (*Kindersley*): Hear, hear.

By Mr. Tucker:

Q. But as a matter of fact the car order book provides that each elevator should have the right to have two orders in the car order book. Would not that interfere very drastically with the cycle?—A. Let me make it a little clearer. If the Act was amended and this plan in principle was adopted, at any points where the growers chose to use the car order book then this cycle could not be effective, but we cannot see why the farmers would want to use the car order book because this would take its place.

Q. But an elevator company has the right to use the car order book, have they not, and the private line companies, I fancy, under the conditions you set out, would want to use it. Do you say that the car order book system should be left on the statute book if this cycle idea was introduced?—A. I would say this, that the car order book section of the Canada Grain Act, as soon as it is declared in operation, farmers put their names down and each company is entitled to have two cars for the elevator. When they are loaded they go to the bottom of the list for two more. We submit that with this plan being adopted on the basis of a cycle, let us say the United Grain Growers at a certain point had 50 per cent of the farmers who wanted to deliver grain to them, and there were three other companies there. They would have the other 50 per cent between them, and the cycle would be based on 50 per cent of the cars to the U.G.G. and the other 50 per cent divided. It is obvious then, that the cars being loaded at the U.G.G., the agent would not want a special two cars; he would get them within his cycle.

Q. But what about the agent of the other two companies?—A. The farmers would not be delivering the grain to them, only up to 50 per cent.

Q. But they could still put in for the cars?—A. No, they would just get their share in the cycle.

Q. Would that not mean the setting aside of the car order book to that extent? I am just trying to find out what you people want, and the committee I think would like to know too, because it has been suggested by the transport controller as I understood his evidence that the car order book and this cycle system could not be operated together.—A. I agree with it, but if you had this cycle universally adopted, and then the growers at any one point chose to use the car order book, then this cycle would be out. They could not operate together; I agree with the controller.

MR. ARGUE: Mr. Chairman, I wonder if the witness would not say that the wheat pool has been very patient in its attitude on this whole problem, and whether the wheat pool has not already over the last few years explored every possibility of using the car order book section in order that pool members could deliver grain to the elevator of their choice, and because of suspensions the car order book section has been impracticable to solve the present problem.

MR. TUCKER: That is a long question to answer.

MR. JOHNSON (*Kindersley*): At least it is clear.

MR. TUCKER: As clear as mud.

THE CHAIRMAN: Just ask the question.

By Mr. Argue:

Q. Would you say, Mr. Wesson, that on the basis of your practical experience or your organization's practical experience in the use of the car order book in recent years that the car order book with suspensions in effect has proven to be an impracticable method of allowing pool members to deliver grain to the elevator of their choice?—A. Well, during the period, Mr. Argue, when the car order book was suspended of course you could not use it. It is not now suspended and it is rather difficult to make it operate successfully when Wheat Board orders have preference if the man next on the list has not got the right kind of grain. For that reason, while for several years we did all we could to assist our own pool farmers in operating the car order book successfully, this last year we have given it up as a bad job because we cannot see how it can be made successful under these conditions.

Q. Having regard to that statement of yours do I take it that you think that the line elevators' late conversion to the merits of the car order book perhaps stems from the fact that they too believe it is impracticable of operation at the present time.—A. I could not answer that question.

Q. I would suggest that from the brief they gave us that is the only reason for their very late conversion to the merits of the car order book system. I wonder if the three wheat pools would be satisfied if they could get an amendment to the Canada Grain Act along the principles you have outlined to operate for a trial period of one year. In other words, would you be satisfied to get your ideas in the form of law but with the clause that they should terminate at the end of one year so that you could have a chance to see whether they were practicable or not, or might need further changing at the end of that one-year trial period?—A. May I just glance through this for a moment before I answer your question?

Q. Fine.—A. This is what we are suggesting. As I said in my general view we are not outlining amendments, but we do believe on the advice of our lawyers that there ought to be provision inserted in the Wheat Board Act to authorize the Wheat Board to furnish yearly to the Board of Grain Commissioners a list of growers delivering grain the previous year together with their address and seeded acreage. The Wheat Board is the only organization who

have got the information documented on the basis of the quota book. We do not want to involve the Wheat Board in this at all. We think that someone has got to police this thing, and the Wheat Board has got a big enough job, and we think the Board of Grain Commissioners ought to do it. We say:

(1) That provision be inserted in the Wheat Board Act to authorize the Wheat Board to furnish yearly to the Board of Grain Commissioners, a list of growers delivering grain the previous year, together with their address and seeded acreage.

(2) That provision be inserted in the Canada Grain Act to authorize the Board of Grain Commissioners to send yearly to every such grower, a form to be completed and returned, stating his delivery preference. With this information the Board of Grain Commissioners to determine a cycle of car distribution for each delivery point and to notify the appropriate elevator companies and railways of such cycle.

(3) Cars ordered out of turn by the Wheat Board to be treated as part of the cycle.

(4) Cars spotted but not loaded by the elevator company to be treated as part of its cycle.

(5) All grain in store in country elevators at the time the cycle comes into operation to come under its jurisdiction.

(6) The Board of Grain Commissioners should also be authorized to make whatever regulations are required to enable the car cycle to operate successfully.

Now to answer the question raised by Mr. Argue as to whether we would be satisfied to try it for one year, we are advised by our solicitor—I think I can speak for him—that he believes that both these amendments are constitutional. He also says this, that after operations of a year it may require some change and some amendment.

Q. In other words, the wheat pool is not necessarily married to the precise provisions you have advanced. You are interested in getting the principle adopted that farmers shall have returned to them the right to deliver grain to the elevator of their own choice, and if further amendments were needed at some time, you would be perfectly happy to have them as long as they were necessary to implement the principle.—A. As long as we can satisfy these people of ours. Thousands and thousands of them are on our necks every day in our office and in meetings all over the country. We have got to the point where we will take almost anything to settle this question.

Q. We are all members of parliament around here representing the people in our constituencies and we represent pool members as well as people who never darkened a pool elevator door in their lives, and there are some producers like that. I think it is fair to say that each member would like if he possibly could to see the people in his area and the producers satisfied on this question.

Mr. TUCKER: I would like to ask some further questions rather than listen to a speech from Mr. Argue.

Mr. ARGUE: I have listened to some speeches from other members, and this is just the preamble to my question. I am coming to the question. Does the wheat pool organization have so much confidence in its proposal and in the fairness of its proposal, and in the willingness of producers generally to support such a proposal, that if you were asked to allow the principle of this proposal to be voted on in a public referendum by the producers themselves in the same way that in Manitoba they voted including coarse grains in the Wheat Board Act, would you go along with such a referendum addressed to the wheat producers in western Canada?

The WITNESS: If that is the only thing left to do we would agree, and we know the result, but we do not want all these delays, we want the thing settled.

The CHAIRMAN: If I may be permitted, Mr. Argue, when you refer to the principle of this, what do you mean by the principle?

Mr. ARGUE: If the chairman wants to cross-examine me, I am quite content.

The CHAIRMAN: No, I am sorry, I did not mean it that way at all. It is just for the purposes of the record to know what you mean by the principle. You referred to "this" and for the purposes of the record I wanted to know what you meant.

Mr. ARGUE: I am sorry—the principle as outlined in the wheat pool brochure. Is Mr. Wesson in his own mind confident that a large majority of wheat producers in western Canada are in fact in favour of the principle that is advanced before the committee this morning?

The WITNESS: In view of the fact that 84,000 pool members delivered grain to pool elevators last year and got dividend cheques, I would say that there is no doubt at all in the world that every one of them would vote for this plan.

By Mr. Studer:

Q. Mr. Chairman, in the discussion mention was made, or the opinion was expressed, that the Wheat Board could have filled its obligations, its commitments, to its purchasers of wheat, without the suspension of these 200 points that were suspended at some time or other; and mention was also made that under what is being advocated by the wheat pool under these provisions here there would be sufficient room within the orbit thereof that the Wheat Board would not be interfered with, or would have no reason for interfering in connection therewith, to fulfil their commitments. Now if that is the case, especially in regard to the former, that the Wheat Board perhaps could have fulfilled these orders without the suspension of the car order book at these points, it still comes back to the point that if there would be no interference on the part of the Wheat Board then the car order book would fill the needs of the farmers in regard to their right to deliver to the elevator of their choice. Is that right—if there would be no interference?—A. That is right.

Q. Now the next question follows and that is that you are satisfied that the Wheat Board will be able to fulfil its obligations under your plan—that is would not be prevented under your plan from fulfilling its orders from purchasers?—A. May I answer the first question? We objected when the car order book was suspended on the grounds that while the Wheat Board have every right to order out the grain it wants, the car order book was operating at just about 200 points and there are 2,000 points in western Canada, or more than 2,000. What we suggested then was not that the car order book should be suspended but that Wheat Board orders should have preference. We made that recommendation after the suspension took place. Now as regards the other question you raised as to what would happen under the new plan, we state quite specifically that Wheat Board orders would be a part of the cycle as applied to each elevator company.

By Mr. Tucker:

Q. Mr. Chairman, if the Wheat Board orders have preference, then what it comes down to, as I understand it, is that the orders of the Wheat Board ultimately decide the distribution of box-cars. Is not that correct?—A. As far as wheat, oats and barley are concerned, yes, at the moment.

By Mr. Studer:

Q. Wheat, oats and barley?—A. Yes. I do not think the Wheat Board has any control or jurisdiction over cars to load flax and rye, because that grain is bought by the elevator companies and it is their property.

By Mr. Tucker:

Q. But in regard to wheat, oats and barley, if this suggestion that you have agreed to about their orders having precedence is being followed, as I understand it is being followed, that is determining now, since that has been brought into effect, the number of box-cars that each elevator company gets over its whole system? It is determined by the orders given by the Wheat Board, is not that correct, in the long run?—A. We still maintain that the Wheat Board's order of preference can be carried out under the cycle, because the orders will be part of the cycle or part of the number of cars allotted to each elevator under the cycle.

Q. I am not arguing against anything; I am trying to clear up what the situation is, and I want to know if this is not correct. What determines the number of box-cars coming to any particular company, we will say the United Grain Growers? In the long run it is not determined by the number of orders they get from the Wheat Board. That is true, is it not?—A. That is true to the extent that it creates available space.

Q. In the long run it is true, so that your brochure here in indicating that inevitably the railway companies are the ones responsible, I suggest, in view of the situation prevailing today, is hardly accurate. The people who decide the number of box-cars that are going to be given to your company or to the United Grain Growers or to any other company in the long run today, if the Wheat Board orders have precedence, is the Wheat Board.—A. Let me make the observation again, Mr. Chairman, that in the long run it is too late. Let me illustrate this again. If the United Grain Growers have an order at one point for fifteen cars and three other companies have ten each, the railway agent will treat all the elevators alike until the forty cars have been loaded and then the U.G.G. will get the other five.

Q. But if the Wheat Board has a policy that year in and year out it is going to give a certain percentage of the orders to the United Grain Growers and the railway companies have to obey those orders, that those orders have precedence over everything else, while it may not work out exactly in one year, the Wheat Board over a period of time can determine in that way the supply of box-cars. The railway companies will have to supply them. Is not that correct?—A. Mr. Chairman, the wheat pools, or at least the Saskatchewan Wheat Pool does not believe that the Wheat Board should have the authority to determine the cars. They should have the authority to order grain, but the farmer should have his choice as to where he wants to deliver his grain, and they will get their cars within a cycle. To me it is quite simple.

Q. I am just trying to find out what the situation is now. As I understand it, in the long run it is the orders of the Wheat Board that decide the amount of box-cars that any one company will ultimately get. I am not saying that is right or wrong, but I am just trying to find out if that is not, in the opinion of the witness, the true state of affairs, that it is the allocation of the orders to the various companies that decide ultimately how much grain they are going to be able to ship out.—A. Ultimately, I want to repeat, when it is too late in the year to do any good.

Q. Why do you say when it is too late to do any good? If you do not get your proper share this year they have determined that you will get that particular share and they can see to it that the following year you have a chance to make up the difference. I mean, they may not be able to average it out exactly each month, but over the years they can determine under present

circumstances by their orders the amount of grain which you are going to handle through your system. That is as I understand the evidence so far. Now I take it you do not agree with that?—A. Well, I do not disagree but I do not know how long that “ultimately” will last.

By Mr. Castleden:

Q. I have a question along that same line. The Wheat Board shipping orders given out to the various companies really determine the percentage of business that they are going to get throughout the year. You are entirely at the mercy of the allocation of shipping orders as set out by the Wheat Board; is not that true?—A. That is right.

Q. Under the circumstances you do not know what percentage you are getting in any one year?

Mr. TUCKER: Was the answer to the previous question “Yes”?

The CHAIRMAN: The answer was “Yes.”

Mr. TUCKER: That is the question I was asking.

The CHAIRMAN: Mr. Castleden?

The WITNESS: I would still like to add with regard to that word “ultimately” that I do not know how long ultimately will last.

By Mr. Castleden:

Q. You do not know what percentage of shipping orders you are getting now? You do not know whether you are getting 30 per cent of the grain business or whether it is 70 per cent?—A. No, we do not know.

Q. And you have no way of knowing until the end of the year. Are you not informed as to car loadings from various points throughout the country?—A. Yes.

Q. But only from those points where you have elevators?—A. Yes.

Q. So you have no real picture?—A. No.

Q. Since you are now at the mercy of the Wheat Board's allocation of shipping orders then you cannot, under the present set-up, assure your 84,000 patrons that they will ever be able to deliver their grain to the elevator of their own choice?—A. I think I can be frank with the committee: I have been discussing last year up to the point of 1954. We are now dealing with the present policy and I can say this to you, that the Saskatchewan Pool having no knowledge about the position of all other companies, know that our percentage of delivery today stands, at least last week, at 45.68, and we finished last July with 44.38.

Q. And the year before that?—A. 45.

Q. I mean the year before that? You did handle one year some 51 per cent?—A. In the years 1945 to 1950. In those six years we were up as high as 52 to 53 per cent deliveries by pool members to the pool.

Q. There is another point with regard to the delivery of cars. When you get a shipping order for so many thousand bushels or carloads of No. 4 wheat, do not you ask the railway companies to spot the cars at the elevators in your system which have that kind of wheat?—A. That is right.

Q. How would there be cars stopped then at a different point, and then another shipping order come in which would take preference over that?—A. It is a broader question than that, Mr. Chairman. The Wheat Board find it necessary in their grain merchandising to change these instructions quite frequently. Sometimes we have placed orders with certain elevators we will say for ten cars of No. 4 wheat and before the railway company gets the cars in there, they will cancel it, and we do not get the cars at all.

Q. Then what do you do?—A. We do the best we can with allocating further orders for something else.

Q. Who do you contact when you run short of cars to fill shipping orders?—A. The railway company.

Q. Do you get satisfaction from them? Do they send you the cars when you send in the request?—A. Not as speedily as we would like, of course. They do the best they can, no doubt. What we do, and I suppose the line companies do the same, and the U.G.G., is that we submit a complete analysis of the position of the cars required twice a week to the Winnipeg office, and our representative there deals with the railway companies in that city. These are the cars we want. The Wheat Board have the same information and I understand they also tell the two railway companies, "Here is where we want you to put cars."

Q. Do you ever contact the transport controller?—A. Yes, and we have had some good results at times.

Q. When those cars got to that point did they stop the cars at your elevator?—A. I was wishing you would not ask that one.

Q. Well, I will leave it there at the present time.—A. It is true that we have sometimes pestered Mr. Milner to death, only to find when cars got to the point that the other elevator companies had got an equal division with the cars that we have secured.

By Mr. Studer:

Q. The point that I wish to bring out now is the fact that you have about one-third of the country elevators; that is 1,160 something you have—no, you have not a shortage.—A. We have 33 per cent of elevators at competitive points, and we have 273 points where we operate alone.

Q. Would that also be applicable to other companies?—A. That would represent between 39 and 40 per cent of the total.

Q. And you received, you said, 45 per cent?—A. In Saskatchewan this is what I am talking about.

Q. And you received 45 per cent of the grain?—A. No, 44·38.

Q. About 44 point something of the grain with that number of elevators. There must have been just a little leeway somewhere, was there not? But that is not the point I wished to bring out.—A. Let me answer your question first, Mr. Studer. You asked a question about the percentage of elevators or units, if you will. There is no relation between units and space. I think the Saskatchewan Wheat Pool through the last few years has built between 50 and 60 per cent of all additional space, and when you build extra storage you fill it, and that increases your percentage, and has no relation to loading box-cars.

Q. But the point that I wanted was, what would be wrong if we had a plan that when any elevator company or an elevator with its storage space, is filled to say within 70 per cent of its storage capacity—because it needs about 20 per cent to operate within the elevator—when it is filled to 70 per cent of its storage capacity, that elevator arriving at that 70 per cent position would have a prior right to cars to the extent of providing space equal to 50 per cent of the total elevator space. There is a daily and weekly record of your elevators and the amount that they take in. Each elevator man knows his position. When you arrive at 70 per cent of the total space filled that elevator company would have a prior right to cars. He would sign a form with the elevator agent ordering those cars. When 100 per cent of the storage space would be filled, then of course all elevators would be equal. Then they would be dependent on the car order book to place themselves in their former position. If you started off with the elevators empty or 50 per cent full, or any percentage, you would still arrive at the same place over a period of time. This would provide or could provide a voluntary method of letting the farmer deliver and decide himself as to which elevator was going to be filled to that

70 per cent, and the one that arrived there would have a prior right to cars. I think that that could be followed without legislation. It would not interfere with what I am worried about here in your plan. In the No. 2 provision in your plan which reads:

That provision be inserted in the Canada Grain Act to authorize the Board of Grain Commissioners to send yearly to every such grower a form to be completed and returned, stating his delivery preference.

Who is going to compel the farmer to make out that form? It does not say he shall fill in the form; it just says he will be sent a form. If 50 per cent of the farmers do not sign that form and they come along and stand on an elevated driveway with wheat that has to be taken in under the Canada Grain Act if there is room in any elevator, I do not see how without a different stipulation than this, it could possibly work in western Canada, so I think we should give consideration to perhaps some other plans which might provide the means whereby the farmer could deliver his grain to the elevator of his choice, and if we cannot figure it out, then maybe there are enough lawyers in this country, and I suggest that you take every one, the solicitor for every one of these companies interested in grain, and the railway companies too, lock them in a room and keep them there until they come out with something, so that we will not be faced with a plan that is not going to work. Mr. Milliken, I hope you are locked up for the rest of the summer, until you have thought up something that is going to look a little better than what you have got before us here.—A. Mr. Chairman, may I answer that question before we go on?

The CHAIRMAN: Yes.

The WITNESS: It is true that in this sketchy outline of amendments it does not take care of the question which Mr. Studer has raised, what do you do with those farmers who have no preference? They do not fill out the form that the Board of Grain Commissioners require. Let us say that 50 per cent did and the other 50 per cent did not. That other 50 per cent which did not would be in Mr. Lamont's classification, those who peddle and all elevators would get the same number of cars to take care of it.

By Mr. Yuill:

Q. I was just wondering if the law of averages would not work out here. Assuming that the pool handles 45 per cent of the grain trade, and assuming that all other things are equal, I would imagine they would get their fair share of the business irrespective of everything else. I think the law of averages would work.

Now I have another question or two here that may be apart from the Assuming that the pool handles 45 per cent of the grain trade, and assuming Wesson gave us a minute ago where the pool had been dumping grain on the ground at various places. In some instances the line companies were full up and in other places they had available space, as I understand it. Is it the case that the pool elevators are the only ones that are dumping wheat on the ground, and is there any comparison as to the available storage at these given points? Is the storage space comparable in these places that you designated a while ago? Those are things that contribute to the positions which prevail at the different points, and I would like an explanation.—A. I would like to answer the question regarding the dumping of wheat on the ground. It is a very bad practice. The Wheat Board asked all companies if they would participate so that all farmers could have a chance to deliver their 7-bushel quota. As far as I know the pool was the only company that did it. At all

these points where we dumped just under a quarter of a million bushels, our facilities were full to the roof, and we had no place to put a bushel. That is the answer. It is not the usual practice.

Q. What would be the comparable storage capacities at these given points where the pool was dumping it on the ground and the others were not doing so?—A. I am sorry, I have not got that information.

By Mr. Argue:

Q. Mr. Chairman, it has been suggested here this morning that if the Wheat Board would increase its percentage of shipping orders given to the pools that might solve the problem. I wonder if the solution does not have to go further than that? My question is this, supposing the Wheat Board should increase the shipping orders given to the Saskatchewan Wheat Pool so that your percentage of orders went up to 53 per cent, or up to the highest amount you have ever handled in one year, would this really solve the problem, the basic problem, of giving the farmer the right at the local point to deliver to the elevator of his choice? Is not the problem more than one of getting a bigger percentage of handling to the pool? The problem is restoring the fundamental rights to the local producer.—A. The question that Mr. Argue raises regarding the ultimate success or otherwise is based on Wheat Board orders. Just let me say that a Wheat Board order does not necessarily bring the cars, and if in the interim the pool elevator is filled to the roof, but there is space in the other elevators and some farmer wants to take advantage of it, they get the grain. If you could be assured at all times that you are going to get the cars spotted because you have the orders to make space available then it would be successful, but not without. I agree with Mr. Argue's second question. The principle of what we are talking about is this right of the farmer himself to determine the elevator which he wants to use.

Q. Right at the local point, the individual farmer?—A. Yes.

By Mr. Dinsdale:

Q. I would like to ask for clarification on a point made both by Mr. Argue and Mr. Wesson. Mr. Argue suggested that the brief presented by the line elevators indicated a conversion to the car order book principle, and I think Mr. Wesson indicated likewise that it was a new approach. Is that to suggest by implication that they have actively opposed the car order book principle in the past?—A. I am sorry; I did not catch your words?

Q. Is that suggesting that the line elevators in the past have actively opposed the car order book principle?—A. I will not go further than I went this morning when I said that we had found in the past that many agents of line companies, and the railway agents, were not too eager to assist in making its operation successful.

By Mr. Mang:

Q. If the farmer indicates at the beginning of the season, that is at the beginning of the delivery season, the elevator that he wants to choose, if he indicates his preference at that early point in the crop year, and the cycle is based on those preferences, and you have to deal with certain conditions of harvesting, he would have to deliver all his grain to that elevator as indicated that early in the delivery season right through to July. Now do you think it would be physically possible to take care of those deliveries in that way? Would it plug that elevator up, and would trucks and so forth back up onto the farm, and his freedom of delivery be interfered with to that extent?—A. Under the proposals we are making we want provision made for the farmer to determine the elevator of his choice by saying, "This is where I want to

deliver my grain". It does not compel him still to take his grain there if conditions are such that he cannot, but on the basis of the desires, as the cars come in and are loaded at each point on the basis of the cycle, it automatically should create space in relation to others to take care of the desires of each one to deliver grain to whichever elevator he may have chosen to deliver his grain to. Now if the cars come in so slowly, and let us say the pool elevator is full and no cars are coming in, the number of farmers who want to deliver to the pool elevator and they cannot and there is space in other elevators, there is nothing to stop him delivering his grain there.

Q. That is the point I wanted to get cleared up, because it has been bothering me some. You can fill an elevator in a community inside of a couple of days, but harvesting takes longer than that, and if we put something in the statute, that statute would have to be followed through, and if he indicates that he wants to deliver to the U.G.G. or to any particular elevator that early in the season, does it take away the opportunity to deliver to other elevators, I mean if it is made statutory?—A. No, not at all. I think the answer to the main part of your question, Mr. Mang, would be that the question of filling these elevators at harvest time is not possible because of the operation of the wheat quotas; that is, one or two men cannot fill these elevators; it must be divided equally.

By Mr. Tucker:

Q. There has been the suggestion that there is no way of checking whether a pool is getting a fair deal in this matter. They may not be able to check from day to day, but is it not true that at the end of a crop year after some period has elapsed to get all the figures together, they could then decide what sort of year they have had and whether they have had a fair share of orders with a view to making representations the following year. Is it not true that in the long run the pool can figure out what share of the orders it has got? The suggestion that they cannot check up on the Wheat Board is only valid to the extent that they cannot check up and insist upon getting their share that very crop year, but over a period of years they could see that they get their share, or at least they would know whether they were getting their share or not. Is not that true?—A. Yes. I think I can say this, Mr. Chairman, that speaking from memory, but Mr. Gibbings will check me, up to the end of April or the middle of May we have been able to load just under 47 per cent of the cars, and we have handled 45.68 per cent I think of the grain that has been delivered by pool members. There is space available in all elevators today and when the roads open up and the grain starts to move the percentage can change some, but as far as cars are concerned, those are the allotments up to the present time. Now that is the shipments. What the Wheat Board orders mean in relation to shipments, that I could not tell you because the cars do not necessarily follow the Wheat Board orders.

Q. But at a certain period after the end of the crop year when you know what you handled yourself and you know what has been handled by the rest of the elevators in the country, you will be able to figure out then what share the Wheat Board has allotted to you of orders?—A. Well, we will know our percentage of grain delivered to the pool as against others in that year, that is true.

Q. Yes, so that the suggestion that there is no way of your knowing so as to make sure that you get your fair share, that does not have any great validity, I suggest? In other words, is it not true to say at the end of this crop year you will know what wheat you shipped to the Wheat Board yourself when the crop year is over, and it will not be more than a couple of months before you find out what everybody else has shipped. Then you will know

whether you have been treated right or not, and you can make further representations for the following year. So that I suggest that the unwillingness of the Wheat Board to disclose the ratio in which they are giving these orders would not prevent you ultimately ascertaining whether or not you were getting a fair share. Is not that correct?—A. I was trying to listen to Mr. Gibbings and to Mr. Tucker both at the same time, and I am afraid I did not follow his question.

Q. What I am getting at is this: as I understand it in the long run the orders of the Wheat Board will determine the amount of grain that you are going to be able to put through your system?—A. We will know ourselves at the end of July definitely the orders that we received, and we shall know at the end of the year how many cars have been allotted to us to load out these orders, but I want to repeat that there is no relationship between the Wheat Board orders and the spotting of cars by the railway companies. I am sure Mr. Tucker is trying to find out whether this year's plan of allocation is not somewhat better than before.

Q. No, no.—A. I am sorry, then. We still maintain that it is the farmer who should have the right to determine.

Q. No, Mr. Chairman. Mr. Wesson is misunderstanding the purpose of my question. As I understand the situation—I do not think Mr. Wesson always agrees with it—I do suggest that in the long run the orders given by the Wheat Board to the different companies will ultimately determine the amount of grain they will be able to handle through their system, because under the present set-up with the Wheat Board orders having preference ultimately the cars will be provided according to their wishes; I mean as between one grain company and another or one wheat pool and another, and so on. What I am getting at is this, if the Wheat Board could be persuaded to give you what you thought was your share of the handling, I take it from what you say you still would not be satisfied because you want it decided by the individual farmer out in the country. Even if his pool organization system is getting its fair share he still would not be satisfied; is that right?—A. What we say is this: while the Wheat Board may be carrying on with a different policy this year—and we will not know just what it has meant until the end of the year—we still maintain that the Wheat Board has no right to tell the farmer what elevator to deliver his grain to. That is his own choice.

Mr. STUDER: In those circumstances perhaps we should concentrate on that angle of it. If we are agreed as it states here that the car order book gives the farmer the right to choose his own elevator, and if the Wheat Board is interfering with the operation of that, if any plan that has been up to date presented has complications, then I think it is logical to suppose that if the Wheat Board had its grain in these positions at the right time and of the right grades and so forth, there would be no reason to interfere with the car order book. Therefore perhaps we should concentrate on having the Wheat Board place itself in the position where it has the anticipated grain in the position to move that it anticipates selling, so that the grain can move ordinarily from its country points to the terminals without having to suspend this car order book.

The CHAIRMAN: I think, if I may be permitted an observation, that we should not lose track of the fundamental point as outlined by the Canadian Wheat Board itself. You will recall that the chairman of the Wheat Board made it clear that as far as they were concerned their primary concern was to move the grain to a selling position and that had precedence over providing delivery space, so to speak, at individual spots. Their first concern was to get the wheat—not necessarily wheat, but whatever grain for which they had a sale—to move it out to a selling position, and consequently on that basis they were

giving preference to these shipping orders over everything else, because that was their primary concern. I just thought that I should repeat this part of the Board chairman's remarks at this time.

Mr. CASTLEDEN: And the problem of congestion?

The CHAIRMAN: That problem comes along afterwards, but that is the fundamental policy.

Mr. TUCKER: There is no use shipping grain out that the Wheat Board cannot sell. There is no use congesting our terminals and congesting our elevators which are actually entering into the getting of grain into a sales position by insisting that cars be provided to ship out grain that the Wheat Board cannot sell. Therefore it comes back again in the last analysis to what the Wheat Board can sell, and if they allot their orders fairly between the different companies of what they are able to sell it seems to me that under the present conditions the patrons of the Wheat Pool would be satisfied. They would not ask for any more than that their company get its fair share on the basis of the number that want to patronize that elevator company, and I do suggest that to Mr. Wesson, that under present conditions the patrons of the wheat pool would be satisfied if the Board patronized the wheat pool elevators even though the farmers did not express the wish themselves, if they knew that their elevator company was able to handle their grain to the extent that the Wheat Board is able to sell it and so on.

The CHAIRMAN: Possibly we should now pass on to the other pools, because there are two other pools in the room.

Mr. CASTLEDEN: I have a couple more questions, Mr. Chairman.

The CHAIRMAN: Very well.

By Mr. Castleden:

Q. What percentage of your shipping orders would you say that you find you have delay in filling because of the delay in box-cars?—A. We have had shipping orders more or less three or four months old before we could get the cars to fill the orders.

Q. That means that the Wheat Board have given shipping orders to you, you have requested cars for three or four months before you have got them?—A. That is right.

Q. Does that seem to be localized in any one area or any one line?—A. Yes. It was last year in those areas where the No. 2 wheat was predominant and the Wheat Board did not want it.

Q. Now, is it your information that the line elevator companies had the same difficulty?—A. I think they must have.

Q. Pretty much to the same degree?—A. Yes.

Q. The other matter was a question with regard to the statement made by the line elevator companies in your submission yesterday, or the other day, to the effect that the wheat pools were members of the Grain Exchange just the same as the line elevator companies. That is true, is it not? Is it not true that the Winnipeg Grain Exchange was for many years an organization or a meeting place of buyers and sellers for these line elevator companies, and that there were no pools in the west, for many years, while the Winnipeg Grain Exchange operated? Is that right?—A. That is right. There has been a lot of loose talk about the position of the pools and the Winnipeg Grain Exchange. The wheat pools do not object to the Winnipeg Grain Exchange in all its functions in dealing with the sales of grain, insurance, and all that kind of thing, but what the farmers of Saskatchewan object to is the operation of the future speculative market as far as they are concerned. We have seats on the Exchange; we must so long as flax and rye are on the open market. We must

have some seats to hedge against our purchases. We would prefer the Wheat Board to handle both flax and rye so that we did not have to use it at all, but we have seats on the exchange for that purpose, as well as to deal with some export business that we participate in.

Q. Would you not say that it is true that the formation of the cooperative pools in the prairies was naturally the result of the treatment that the farmers received when that was an open market for buying and selling the farmers' grain?—A. I had a good deal to do with the organization of the pools thirty-one or thirty-two years ago, in the campaign. Our main objection was to the system of hedging which was caused by the pressure of sales in the country which the individual farmer knew nothing about, and it lowered the prices. We objected to the fluctuating prices, which had got nothing to do with what is known as the normal supply and demand picture. That is why we objected to it, and we still have the same objection.

The CHAIRMAN: May I now thank the witness?

By Mr. Pommer:

Q. Mr. Chairman, I would like to ask a question. The other day in a brief given by the North-West Line Elevators representative it was stated that the line elevators had 51 per cent of the elevators. I wondered how that would compare with the storage capacity of the other elevators. I wonder if Mr. Wesson would know that? The statement was made that they had 51 per cent of the elevator, but what percentage of the storage space would they have, of the total 100 per cent of the elevator system?—A. I would only know about Saskatchewan.

The CHAIRMAN: You were asking the total capacity.

Mr. POMMER: For western Canada. Mr. Lamont, I believe, said that the line elevator companies had 51 per cent of the elevators.

The CHAIRMAN: I think you will find that that information will appear in yesterday's record. It was tabled by the Board of Grain Commissioners. It gives the total capacity for all lines, for all companies, including the pool, the total storage capacity for each company including the pools individually for the three western provinces. It was tabled yesterday to be added as an appendix to yesterday's record.

The WITNESS: I could give you the information for the Saskatchewan Wheat Pool. Our space is approximately 75 million bushels, and the total rated capacity of Saskatchewan generally is 171·8.

The CHAIRMAN: Are there any more questions? Then we thank you very much, Mr. Wesson, for all the information you have given.

The WITNESS: Thank you, Mr. Chairman. I think that may be you have given me a little too much time because you have Mr. Brownlee and the other two presidents to come. I am sorry you did not let me off before, so that it would give them more of a chance.

I am very happy to have met you all again this year.

The CHAIRMAN: Then we will meet this afternoon in the same room at 3.30 to hear Mr. Brownlee, the president of the United Grain Growers.

AFTERNOON SITTING

JUNE 2, 1955.
3.30 p.m.

The CHAIRMAN: I will call on Mr. Brownlee now and I will ask him to introduce the people he has with him at the table.

Mr. J. E. Brownlee, President, United Grain Growers Limited, called:

The WITNESS: Mr. Chairman and members of the committee I have associated with me Mr. P. C. Watt, at the end, who is our assistant general manager, and Mr. H. L. Griffen, who is the economist of our company.

I would like to say just a word before starting to read what I have prepared. This manuscript was prepared before I left Winnipeg and in view of the discussions which have taken place during the week I think it best to eliminate some parts and to vary some of the clauses. I would like the right to do that and to let you know where I am departing from the prepared manuscript.

Mr. Chairman and Members of the Committee:

On behalf of the Board of directors of United Grain Growers Limited I wish to thank you for the invitation to appear here again this year. I have very pleasant recollections of the courteous and attentive hearing which you gave me a year ago. For your own comfort and peace of mind I hope this will not have to be an annual occurrence. We shall do our part to see that it need not be so. At the same time, our company will, of course, be glad to assist the committee in the consideration of any questions affecting western agriculture.

The committee has been reviewing two reports which have been referred to it, that of the Canadian Wheat Board and that of the Board of Grain Commissioners for Canada. It is appropriate, therefore, for me to begin by saying that both these bodies are held in high regard by our organization and that we believe they command the confidence generally of farmers in the prairie provinces.

Probably I should again say a few words about our company for the benefit of members of the committee who are not familiar with western farm organizations. Ours is the oldest farmer-owned grain co-operative in western Canada, having been organized in 1906. Next year we celebrate our golden anniversary, just one year after the Provinces of Alberta and Saskatchewan celebrate theirs. We have approximately 50,000 farmer members. We operate nearly 700 elevators in Manitoba, Saskatchewan, Alberta and British Columbia, with a total country capacity of 43 million bushels. We also operate terminal elevators at Port Arthur and at Vancouver. Our operations therefore bring us in touch with farm thought in each of the prairie provinces as well as with problems arising from the shipping of grain by either the Great Lakes or by the Pacific. We follow strictly the Rochdale plan of co-operative organization with the essential characteristics of a moderate and limited return on share capital, the payment of patronage dividends and the principle of one man one vote, with the prohibition of proxy voting. The traditions of the company go back to the earliest days of western farm organization and the period during which organized farmers secured the provisions of the Canada Grain Act.

Now here is where I will first depart from the prepared text. When I received the invitation to this meeting I telephoned your good chairman and inquired what information we might contribute. He suggested that I should touch upon the question of overages and shortages, and because of that and the

fact that the Interprovincial Farm Union Council asked for confiscation of overages I decided to make some reply. In view of the fact, however, that members of this committee seem fairly satisfied with the information given last year, I do not propose to read the next four pages of this submission. I will simply take one minute to confirm that our experience has been very similar to that suggested to you yesterday by Mr. Wesson.

A year ago we placed before you a table, (page 357 of the minutes) showing what our actual weighing experience had been in our country elevators over the five years ending 1950-51. I can now say that for the following three years down to 1953-54 the experience continued the same, that is with quite substantial weight deficits between the grain taken in at our country elevators and the grain shipped out.

Then in a further table, which you will find on page 366 of the minutes of last year, we made an analysis of one typical year, 1950-51, to show what happened when we applied the shrinkage allowance as a credit against the actual weight deficit in our elevators during the year, and for that year it showed that our surplus or overage, if you want to use that word, resulting from the credit of the shrinkage allowance, was only 1/18 of 1 per cent of the grain which we had taken in at the country elevator.

Now I must confess it was with some surprise and possibly a little apprehension that I recently saw the figures for our last year 1953-54. I was comforted somewhat when I heard Mr. Wesson state their experience for the last year, because for that year our overage after crediting shrinkage allowance against actual weight deficiency was very much below the experience of 1950-51, with a percentage of possibly not more than about 1/50th of 1 per cent. Therefore I wish to say, as I understood Mr. Wesson to say, that the present shrinkage allowance authorized by the Board of Grain Commissioners for Canada is about as low and as narrow as it is safe to put it.

In reply to the suggestion that there should be confiscation of the overages, I simply want to say that we would be very sorry indeed to see the principle put into effect in Canada by which a balance would be taken between our overages at some points and our shrinkages at others and an attempt made to confiscate whatever overages might be left. We think that would prove to be a dangerous thing for the welfare of the grain industry. In any event we do not see how you can associate the idea of a proper tariff allowance for shrinkage with the idea of confiscating part of it if it happens to do more than meet the actual shortage. Besides that, with 700 elevators in our system and with possibly 40 of those that have not been weighed up for five years and another 30 or 40 that have not been weighed up for four years we think it would be an impossible position for the Board of Grain Commissioners to attempt to make the necessary audit back through our books and records to see where the overage actually occurred, with respect to what kind of grain and with respect to what grade, in order to decide where the confiscation should be. Consequently, after giving this vexed question of overages and shortages the best thought we have been able to give it in the interests of the farmers of western Canada we have been unable to devise or think of any better plan than the one which is now in effect whereby the Board of Grain Commissioners in its best judgment fixes an allowance to cover the inevitable loss through shipment and handling, and watches that allowance from year to year to see that it is only a safe and proper one.

Now with that I believe I can best serve your purpose if I proceed at once with that part of my submission which has to do with the subject which has been of principal interest to the committee, as I have judged from attendance during the week, and that is grain shipments from country elevators and box-car allocation, and I commence to read on page 5 at the top of the page.

I assume this is the subject which is of primary concern to members of this committee, partly because of the prolonged debate on the bill sponsored by the member for Assiniboia and partly because of a pamphlet distributed among members of parliament during the current session.

I personally regret very much that this question has again arisen for discussion because it happens to be one of only two or three subjects with respect to which there is a difference of viewpoint between those who represent the Pools on the one hand and officials of our company on the other. That difference of opinion was evident when the subject was discussed a year ago before this committee. It was again evident during discussion at the annual meeting of the Western Agricultural Conference of the Canadian Federation of Agriculture a few months ago. It is a difference of opinion on procedure rather than a difference as to principle.

Now I wish to read a statement to take the place of the next paragraph because I think possibly it sets out our position a little more plainly.

The position of our company remains the same as it was last year. We then recommended that any remaining problem of car distribution should be left to the Canadian Wheat Board, and we further recommended that the board should continue to allocate shipping orders between companies in proportion to total stocks in store following a plan commenced by the board some two months before your committee began its sessions last year. Under a similar plan the board had worked out the car distribution problem resulting from the acute storage emergency during the last war. We stand by that recommendation today. We do not say that the Wheat Board is following that plan exactly, but we believe it is making good progress in working out the problem. We check up from month to month to make sure that the effect of the Board's orders has been to give us a reasonable share of equipment. So far we have made no complaints. We do not think any further legislation is necessary. We think any of the other plans now proposed are impractical and beyond the possibility of reasonable supervision and control, and if translated into legislation would be harmful to the industry.

In fact, as I have listened to the discussion of the past few days, I have found myself mentally asking certain questions. Under the Canadian Wheat Board Act parliament has clothed the board with all the power which, within its jurisdiction, it could give to any board with respect to the distribution of cars between elevators at country points. That board is responsible to producers for the sale of wheat, oats and barley and must have authority to move these grains into sales positions as required. The board has the complete confidence of producers and farm organizations. Why then is it necessary to be searching for ways and means to clothe some other board with the same powers? And if some other board is given such powers, which will be senior? And if, as I believe the Wheat Board must be senior, then why the need of a junior body? In my judgment you cannot have two bodies doing the same work and exercising the same powers with equal authority. It is for that reason that I believe that if it is in the interests of western agriculture to have a Wheat Board charged with the responsibility of marketing wheat, oats and barley, and therefore clothed with authority to say what grain shall move out of country elevators at any time, then you cannot have at the same time complete freedom of individual producers to do what they want to do at the time they want to do it.

I proceed now with the last paragraph on page 5 of my submission.

Now, what is the problem today? Let us take a frank look at it. The difficulty inherent in any discussion of this subject is to distinguish between the general slogan which has been used, mainly in one province, to interest the farm population and the formula or plan required to put it into effect. The

slogan is, of course, "The Farmer's Right to Deliver His Grain to the Elevator of His Choice." No one will question that right. As I will mention later on, the farmer has had that right since elevators were first constructed in western Canada. But I know if you address any meeting of farmers in the three western provinces and propose a motion that legislation be enacted to permit the farmer to deliver his grain to the elevator of his choice the unanimous approval is a foregone conclusion. Unfortunately, debate usually centers on the general slogan without any consideration of the extent to which the farmer may have enjoyed the right in the past or the plan or formula by which the exercise of the right may be more fully assured during a period of national storage emergency.

As already stated, the farmer has enjoyed that right ever since country elevators were first built. It is simply the right of a Canadian citizen. Since the Wheat Board was established and the permit book has come into use, he has normally indicated his choice by selecting the elevator at which he would take out his permit book. In normal times that is the easiest and most convenient form of exercise of his right which could be devised. The farmer knows where he wants to deliver his grain and simply goes to that elevator to take out his permit book. He does not necessarily deliver all his grain there but it is his selected point of contact. His ability to deliver freely to the elevator of his choice during the past fifty years has only been interrupted on two occasions, for a short interlude during the war—a lot of our rights were interrupted or suspended then; we hope war conditions will not recur—and during the past two or three years when stocks of grain piled up to an extent which created a storage emergency as a result of three successive bumper crops such as western Canada has never before known in its history. During the first period there was some discussion of the proper basis for equitable distribution of cars between elevator companies but no issue was ever raised in the country. The oldest member of parliament never heard any discussion of the right of farmer to deliver to the elevator of his choice until a year or two ago when, for the reason mentioned, all available storage space in Canada was filled to capacity and farmers were not able to deliver more than a small percentage of their grain at harvest time.

If I may digress for a moment, in the report of the Canadian Wheat Board, section 2 on page 2, you have set out very clearly what has happened in the last two or three years. I will read this passage, which is not very long:

Following the record harvest of 1952 and the very large crop of 1951, grain production in the prairie provinces in 1953 was for the third successive year substantially above the levels of grain production normally prevailing in these provinces. The extent of the phenomenal production of grain which occurred in the prairies provinces for 1951 to 1953 is illustrated in the following table, with comparative data for the five-year period from 1946 to 1950.

Then there is a table and it shows that the average production from 1946 to 1950 was 724 million while in the next three years the average production was 1,200 million. Then the last paragraph reads:

Grain production in the prairies provinces amounted to 1,147 million bushels in 1953. During the three years from 1951 to 1953 prairie production of all grains averaged 1,200 million bushels annually, attaining the level of 3,600 million bushels for the three-year period, or only slightly below the total production of 3,720 million bushels which occurred in the previous five years.

Now, with such an emergency in storage as has resulted from that congestion of grain two questions arise: first, can a producer expect to exercise complete ease and freedom of delivery to his preferred elevator?

Must he not be prepared to tolerate some inconvenience? Secondly, is it in the public interest to legislate so as to funnel grain through fewer elevators, and is that in the best interest of the farmers of western Canada? I wish to make this clear: our company as a cooperative has lost some of its percentage margin as against some of the other companies, but we have handled much more grain and we have had greater earnings. We have felt that it is in the best interests of farmers during the past years that all storage facilities should be used to the fullest extent so that the greatest volume of grain may be put in store and initial payment made to a larger number of farmers. As a cooperative we ask no special privilege and no special consideration.

Unfortunately in the discussion of this subject some farmers are being led to believe that grain would move more freely with a different distribution of cars between elevators. No attention is paid to the fact that movement from country elevators can only proceed as fast as available space at terminals will permit, and that the bottleneck in movement of grain for the past two years has not been through any lack of box-cars in the west but through lack of available space at terminals, which in turn is governed by the movement of grain out of Canada. Had it been possible for grain to move freely from country elevators to terminals, no serious problem of distribution of cars as between elevators would have arisen. I am sure the Transport Controller will confirm what I say, that there has been at all times during the past two years an ample supply of box-cars in western Canada for grain shipment.

I repeat again, no company denies the farmer the right to deliver to the elevator of his choice. We will all agree with the statement by Mr. Lamont, speaking for the companies of the North-West Line Elevators Association, when he said last year (page 487 of the minutes), "One of the most valued rights which the farmer now possesses is that of delivery to the elevator of his choice, and in this respect he is at liberty to change his mind, and frequently does."

Certainly United Grain Growers Limited does not quarrel with the right. We consider that the first responsibility in that direction rests upon the elevator company. I refer to its duty to take care of the reasonable storage requirements of its customers. To that end we have spent some \$10 million in the past seven years, and have increased our country storage space from 31½ million to 43½ million bushels—these figures include some elevators purchased from other companies, Reliance Grain, Anderson Grain and Midland-Pacific. We could take care of all regular customers and members if it were not for section 109 of the Canada Grain Act, which compels a country elevator to take in grain as it is tendered to it by producers without discrimination. So we have seen our customers go to other elevators when ours have been plugged, just as we have been obliged to take grain from customers of other companies because of the strict enforcement of section 109 by the Board of Grain Commissioners. As a regular occurrence when a new annex or elevator has been built we have witnessed a line up of trucks, some representing our regular customers and others farmers not regularly our customers, due to the anxiety of farmers to get their grain into storage wherever possible so as to obtain the initial payment from the Wheat Board. Let me say here that if any of the plans which have been proposed had been workable and had been in effect during the past three years this problem, that is the problem of a farmer delivering to the elevator of his choice, would not have been solved and many farmers would still have been driven to seek storage wherever they could find it.

In any emergency, that is bound to be the case so long as section 109 remains in effect and no one would suggest the repeal of that section. I have been somewhat surprised that more attention has not been paid to section 109. It

goes even further than the car order book provisions in guaranteeing to farmers the right to put their grain into storage when they want to. Again I say we could take care of our customers and let them deliver to the elevator of their choice if it were not for section 109; and the easiest way, if you want to meet that problem, would be to repeal section 109. But you could not repeal it because it is absolutely essential where you have country elevators operating as public storage houses.

The farmer has had the right to select the elevator of his choice even during the emergency just as truly as if he had been able to cast a vote. Throughout the emergency he has taken out his permit book at the elevator of his preference. The entire problem has been a temporary one of moving grain out of country elevators during a national emergency and in any national emergency someone must suffer inconvenience. Mr. Parker, the President of the Manitoba Wheat Pool clearly recognized that fact when he said last year during his evidence (page 467 of the minutes) "I do not think the Act needs to be changed for that. My personal opinion of that is that this congested period is probably a temporary condition. The next eighteen months may show a vast change. We do not expect that we will always have those kinds of crops and experience the present congestion, and I do not think any company wants any restriction on the number of cars they require or the inducements for soliciting business. So I see no reason for amending the Act in respect thereto... I do not think you can embody in any permanent legislation anything to correct something that may be of a temporary character." We completely and heartily endorse those words.

So the problem is not to establish the right of the farmer to choose the elevator to which he will deliver. The question is whether anything can reasonably be done to facilitate the exercise of that right during the remainder of this period of emergency in the face of other existing and necessary legislation such as: (a) section 109 of the Canada Grain Act to which reference has been made, (b) the car order book provisions of the Canada Grain Act, which can be invoked at any time by farmers and elevator agents and when invoked must override any rigid rule or formula, and (c) the provisions of the Canadian Wheat Board Act which give that Board the right to allocate cars to the extent necessary to ensure the movement of grain as required. If the Wheat Board is to function that right must be preserved and must override any cycle. If the board wants barley moved forward cars must go to elevators which have barley in store. If the Wheat Board wants No. 4 Northern or No. 5 wheat, cars must go to the elevators which have those grades in store.

Now to digress for a moment. During the course of questions addressed to members of the Farmers' Union a week ago, we observed the suggestion that the inability of the farmer to deliver his grain to the elevator of his choice has led to uneconomical building of elevators and annexes so as to create an over-built position at some delivery points. There is always the possibility that keen competition between elevator companies may result in an occasional overbuilt point. That has happened before in the history of the western grain trade. Other companies of course must speak for themselves. For our company we deny emphatically that the conditions of the past three years alone have encouraged us to build either elevators or annexes. Having regard to the present cost of construction of either an elevator or an annex today, obviously the decision to build at any point is not influenced by crop conditions of the past three years nor on the basis of earnings for a short-term period. Average deliveries for the point are considered over a long term of from ten to twenty years; the space already at the point is carefully studied; and the general delivery conditions, such as the probable construction of highways, the regularity of crop production and the kind of grain produced; all these things are

examined. It is only after consideration of all these factors that a decision is made to build, and from those factors the nature of construction is decided upon, i.e., whether elevator or annex.

We certainly do not admit for one minute that congestion has resulted in our company gaining substantially at the expense of any other company. Any suggestion that any company could have handled much more under some other form of car allocation fails to take into consideration the dependence of movement of grain from country elevators upon available space at terminals. For example, at one period last year United Grain Growers Limited and other terminal companies were obliged by request of the Transport Controller to take over several hundred cars, I believe some 1,500 in all, on track for the Saskatchewan Wheat Pool at the head of the lakes because of the inability of its terminals to accommodate that grain. Then, obviously, movement from country elevators is limited by directions from the Canadian Wheat Board.

So I say again that the position of our company remains the same as stated before this committee last year. We do not oppose the right of the farmer to deliver to the elevator of his choice, and we have done our part to assist our customers to deliver to us. Our attention is now directed solely to legislative plans and formulae still proposed to meet the unusual circumstances of a storage emergency now, perhaps, nearing its close. By the end of July reserves of grain will be largely out of farmers' hands and with the present crop outlook there will be no problem during the next crop year at a great many points. It may be a long time before the general congestion such as of recent years recurs. Now what is the alternative to the Wheat Board proposal which we advocate? It is difficult to formulate any practical plan as is shown by the number and variety of the proposals which have been made.

Let us look for a minute at the war years. In the war years congestion started to develop in 1938, reached its peak in 1942, and was pretty well past by 1944. At the beginning of the war a plan of allocation was put into effect and operated for a number of years under the jurisdiction of the Board of Grain Commissioners, and for a time by common consent of all the elevator companies. It was based on the permanent capacity of country elevators, excluding temporary annexes. By 1943 there were complaints that the system was unfair to some interests and the plan was dropped by the Canadian Wheat Board, which had taken over the allocation of box-cars. So history repeats itself and the lesson from the war years is that the problem of emergency storage falls naturally into the hands of the Wheat Board.

The Wheat Board announced in August, 1943, that it would put into effect an allocation based on elevator handlings of the previous three years, and began to do so in October of that year. The intervening time had been occupied in working out figures for most points. But there were numerous exceptions requiring special treatment, details of which were not completed until December. By May of 1944 the Wheat Board announced it was abandoning that plan, and in its annual report for 1944 it gave its reasons for doing so.

Although it ceased to allocate cars, the Wheat Board then adopted a plan of allocating shipments between different elevator companies, very much along the line of the system it commenced a year ago. It not only allowed but it required elevator companies to ship in proportion to stocks in store. The congestion which had formerly existed soon disappeared with heavy exports made in 1944 and 1945, and all these special methods or plans were soon forgotten until a few years ago, when stocks began to build up again.

Now let us look at the recent proposals. The present emergency can be said to have started in 1951; it became more acute in 1952 and reached its peak in 1953 when, curiously enough, we had a total of only 3 million bushels

of grain more than at the peak of the war emergency. It began to decline in 1954 and will have declined considerably more by the 31st July of this year.

Mr. Argue, the member for Assiniboia, produced the first general scheme of recent history in what has been before the House as Bill No. 22, which made its first appearance in February 1953. I said, with regret, last year that it was objectionable and I considered it to be unworkable for various reasons. I have to agree with much of what has been said against it in the House of Commons, but at least his plan is not subject to any greater objections than the latest voting scheme put before members, nor is it any more unworkable. In my opinion, during the two years which have elapsed since he introduced his first bill, no one has been able to produce a better voting scheme, and I have no confidence in voting schemes.

As the Minister of Trade and Commerce has informed the House, elevator companies operating in Alberta made an agreement for one year only, for an equal allocation of box-cars between competing elevators. It was in effect from October, 1953, until discontinued in 1954. That was not something imposed as the result of railway policy; instead the railways acted at the request of the elevator companies, and when the agreement ended the railways served notice that they would no longer equalize car supply after one elevator had shipped more than a competitor as the result of Wheat Board orders.

Then early in 1954 the pools submitted to the government, we understand, a plan under which producers would vote, in their permit books, on the basis of acreage, as to the elevators at which they desired to deliver, and the Wheat Board would be required to allocate cars accordingly. That plan had been abandoned before the Agriculture Committee met last year and consequently was not then discussed.

The minutes of the committee a year ago show that the Transport Controller in November, 1953, had suggested the possibility of a car cycle based on the respective handlings by competing elevators during the preceding ten years, and he thought it might be fair to all concerned.

I am going to ask you to strike out the next two sentences just in case I may not have with complete accuracy interpreted the minutes.

For our company I described this as the best of the cycle plans, but consider it unworkable on account of the necessary exceptions which have to be made at many points, and I fear that the exceptions would be so many as to destroy the plan.

Last year a car cycle was advocated before the committee based on elevator handlings during the five-year period 1945-49. While this was acceptable to the Alberta and Saskatchewan Wheat Pools, Mr. Parker, President of the Manitoba Pool proposed, and I am going to change the wording here because I believe it will be more exact, that he thought possibly some plan was necessary for Saskatchewan and Alberta but he was not anxious that it should be applied in his province, but would accept it. I pointed out how extremely unfair that plan would be to a company like ours which had greatly expanded its elevator accommodation at a cost of millions of dollars. I particularly pointed out that in Saskatchewan we had purchased over half our elevators in the last year of that five-year plan, so that farmers could not have been said to have indicated very much the elevator of their choice so far as we were concerned prior to that one year. Mr. Wesson agreed with me that any such cycle plan would require local exceptions and cited Meadow Lake as an example. He did not agree with me that the exceptions required would wreck such a scheme. But that plan, like its predecessor, has apparently now been abandoned.

The history of the effort to work out some scheme for more equitable distribution of box-cars during a period of emergency storage conditions is

therefore strewn with the wreckage of abandoned plans. It is worthy of note that one plan only has stood the test of time,—that is to leave the problem to the Canadian Wheat Board.

Now the latest wheat pool proposal is set out in the pamphlet recently distributed among members of the committee. So the plan now submitted by the Pools is the third to be proposed by him in two years, and only one in the long succession of proposals that have been studied or tried. That fact in itself is sufficient evidence of the difficulty of formulating any feasible and practical plan especially in the face of conflicting and overriding legislation.

Let us look at the last session of this committee. This committee at its sessions a year ago had before it the previous Pool proposal, the car cycle proposal of the Transport Controller and also Mr. Argue's bill. In addition it had the plan which our company recommended and still recommends. Our proposal was not then supported either by the Wheat Pools or by the representatives of the North-West Line Elevators Association. Let me repeat, we did not advocate the allocation of box-cars directly; instead we advocated allocation of shipping authorizations by the Canadian Wheat Board as part and parcel of its sales program. We said that essential justice would be done to all concerned by basing allocation during any period upon the total stocks in store at the beginning of the period; and let me point out that under such a formula each company will have due reward for its efforts to provide adequate space for its customers; and it will also benefit from the extent of local support which it commands.

A year ago the Wheat Board had recently begun allocation of shipments corresponding to the action it had taken back in 1944. As we then forecast, it has found it necessary to continue the plan, something that makes it entirely academic to consider arbitrary schemes for box-car allocation. As we advocated, it leaves largely to the discretion of the elevator companies, subject to the board's approval, choice of the individual elevators from which they will ship grain.

There is every indication that so long as terminal elevator congestion continues the board will continue to allocate its shipments in a way that would prevent the operation of any arbitrary scheme of boxcar allocation at individual shipping points.

Now this year members of parliament are confronted by a somewhat novel situation resulting from the distribution of the pamphlet already referred to, and it is with the deepest regret that I find it necessary to take issue with certain statements in that pamphlet.

The pamphlet has two main themes. The first is a minor one but nevertheless of some importance. Under the sub-heading "An Old Injustice Revived" the statement is made that fifty years ago the car order book sections of the Canada Grain Act established the right of the farmer to deliver his grain to the elevator of his choice and that in the proposals made in the pamphlet no new principle is being sought. It is a fact, of course, that when the car order book clauses were first inserted in the Canada Grain Act there were only some 447 elevators in western Canada, of which only 26 were owned by local farmers' associations. It was ten years after these provisions were first passed before our own company, as the first farmer-owned cooperative, commenced the acquisition of elevators. To suggest, therefore, that these provisions declared the right of the farmer to deliver to the elevator of his choice is quite fanciful.

I will not bother reading the next paragraph, but going on to page 13, I want to deal with the main theme of the pamphlet which is set out in the sentence, "In recent months Canadian railways have been following the policy of allocating box-cars on the basis of one elevator—one box-car." The implication is left that the railway companies are enforcing, to the disadvantage of

farmers, a system of equalizing the number of box-cars loaded by competing local elevators. Before I go on reading I want to underline the words "In recent months". I am not sure what is meant by those words. If the words mean for example the months of this year then I would have to take exception to the statement. If the words "In recent months" refer rather to last year or the year before I would not take such definite exception although I still think that the statement is hardly accurate. The evidence given by the representative of the Interprovincial Farm Union on the 23rd instant shows that such an impression has spread widely. We cannot understand that statement being made at this time, that is if reference is made to this year. Any examination of the loading statistics at elevator points will show, in my judgment, that the statement is not accurate. There was of course for a time the agreed equalization of box-cars in Alberta, already mentioned, and referred to recently in the House by the minister. But the statement which I now make may be confirmed I believe either by the transport controller or the Canadian Wheat Board, and that is that an examination of any one hundred elevator points, in Saskatchewan particularly, will disclose quite a wide difference in the number of cars loaded by competing companies. A statement taken off by our company as at April 30 shows for example that on one traveller's territory where we meet the Saskatchewan Pool at 18 points, 14 have had a wide variation in car shipments since August 1 last, with only 4 approximately even. On another territory with 17 points, 15 show wide variations with only 2 approximately even. On still a third, with 20 points, 16 show a wide variation, with 4 showing a fairly even loading of cars by competing elevators, and even on the poorest territory from a delivery standpoint, 10 out of 17 show wide variations.

At one point in the pamphlet the statement is made that one company may at certain points handle as much as from 60 to 65 per cent of the grain, and the inference is left that at such a point cars are still allotted on the one car per elevator basis. There are such points. I have in mind one where the Saskatchewan Pool is admittedly very strong, at Aberdeen. The Pool at that point has two elevators out of six, and there are four companies operating there. The Pool handles more grain than the others combined, but by the same token, at the end of April our records show that it had loaded 98 car, well over 50 per cent, as against 19 by one competing company, 38 by another and 32 by another. Or I might look at Bruno, Saskatchewan, where it happens that the Searle Grain Company is very strong and with two elevators out of five, and both the pool and ourselves are there, Searle had 113 cars out of 227 with 35 for one other company, 44 for another and 35 for another. Or I could take a more typical point where the cars delivered were 62 for one, 54 for another, 45 for another and 47 for the fourth.

Davidson is an interesting point for two reasons, first as showing what has taken place from the 1st of August to the end of April, where one company had 53 cars, the Pool had 118, another 34, another 36, another 72 and another one 57. Now last week at Davidson cars were ordered in and it is my understanding that the Pool has ordered between 60 and 70 cars into Davidson as against 10 for United Grain Growers and 5 for another company. It may be that there is a very good reason for that. It may be that they intend to take a cut-off or they may be planning some building, I do not know, but what is taking place there is taking place in western Canada today and is changing the picture so far as delivery of cars is concerned—in my opinion very rapidly. Within the next two weeks the Canadian Wheat Board, for example, has ordered thousands of cars in the Province of Saskatchewan and part of the Province of Manitoba, and in ordering those cars forward the procedure is to allot to our company so many, say 2,000 of the cars, and we have the right to select the

elevators from which those cars will be taken subject to a general overriding control by the Wheat Board, that without special permission from the Board not more than five shall be ordered into any one point. But it would surely be a coincidence that all of the companies in the province of Saskatchewan or in any other province would be ordering the same number of cars in at the same point. Therefore I say the situation is changing rapidly. Before I left the Province of Alberta we had just received a similar order from the Wheat Board for that province ordering forward so many hundred cars, and we were in the process of saying from what elevators those cars would be taken and how they would be shipped forward, with the consent of the Wheat Board.

Mr. Zaplitny made reference to letters which he had received from Dauphin and Grandview from the secretaries of the Pool locals endorsing Bill No. 22. The Manitoba Pool of course, has built new elevators at both points, and large ones. But it is interesting to observe that at Dauphin with three elevators out of eight the Pool as of April 30 had loaded 164 cars out of a total of 345 cars, or close to 50 per cent, while at Grandview with three elevators out of six and with three companies the Manitoba Pool loaded 135 cars out of 230. We frankly recognize that Dauphin and Grandview are points where the Manitoba Pool has been able to build up very strong local organizations. In giving these figures I am prepared to admit that there may be a very slight variation, if we check up with other companies. I can only say that as we check from year to year we find that the margin of error on the part of our agents in their reports is very, very small.

Several reasons account for the variation in the number of cars shipped from different elevators at the same point. These include:

(a) *Capacity of elevators and annexes.* The elevator with the largest capacity, and there are great differences in capacities, is likely to be able to ship more of the type of grain desired by The Canadian Wheat Board.

(b) *Competitive business standing.* An elevator with the larger number of regular customers is more likely to be filled to capacity than a competing elevator which may be partially empty, and consequently, at any given date to have on hand more grain which is then shippable.

(c) *Accidental causes.* Due to one reason or another the stocks in one elevator may differ greatly in composition from those in a competing elevator. I have in mind a point where towards the end of the crop year we built an elevator which promptly filled up with a grade of wheat which for a long time The Canadian Wheat Board did not allow us to ship. Not many weeks later a competitor also enlarged its capacity, and enjoyed a very rapid turnover of new crop barley, which we were unable to handle.

(d) *Elevator company policy.* This may be much more important than seems to be recognized or admitted. A company for reasons of its own may allot perhaps twice as many cars of a given order to one point as to another. Some of these may be competitive reasons. But for reasons equally good the point to which the first company allots a substantial shipment may be given a much smaller allocation by another company. In other words the system quite properly leaves some room for managerial discretion on the part of elevator companies.

Present proposal:—Of immediate interest to the Members of this Committee are the two proposals which have been placed before Parliament during the current session. I refer, of course, to Bill No. 22 and the proposal circulated among members of Parliament by the Saskatchewan Wheat Pool.

Both Bill 22 and the Wheat Pool proposal are based primarily upon an election plan. As General Manager of an elevator company I do not know of

anything which has caused me more uneasiness than the casual nature of the proposals for distribution of cars based upon some form of election or nomination.

Our Company has over \$17 million invested in country elevators with a depreciated value of some \$10 million. We have a large investment at stake. Obviously that investment will be affected by any rigid plan of car distribution which may be put into effect. It should not be put in jeopardy with its fate dependant upon our comparative success in conducting election campaigns from year to year. Nor should there be any impairment of confidence on the part of those who lend money for the construction of elevators such as would result from legislation which makes the Company's success dependant, not upon good management, but upon an annually recurring election campaign.

Once a local cycle based upon an election has been calculated, any company may invoke the Car Order Book at the point and thus completely upset the cycle. Shipping allocations by The Canadian Wheat Board would further upset it. If the task of enforcement is thrown on the Board of Grain Commissioners that body will need several times the number of assistant commissioners now appointed.

The election or nomination proposal needs to be considered. In Dominion and Provincial Elections the voters' list is carefully prepared, voting districts are determined, provision is made for scrutineers to make sure that the vote is properly cast and all kinds of safeguards have been provided against fraud or other practices which are frowned upon. The same is true of municipal elections and, with respect to all, provision is made for setting aside the elections in the event that any illegal practice has been carried on.

I will not take second place to anyone in my confidence in the honesty and integrity of most farmers. The percentage of honest citizens is as high in that industry as in any other, if not somewhat higher. Laws are made necessary, however, because there are those whose standards are somewhat and sometimes lower. Every elevator operator knows, for example, that at points with a number of elevators there are those who each year go down the line to see which will give the best grade or best inducement for delivery.

Under the Wheat Pool proposal: (1) The list of producers obtained from the Wheat Board by the Board of Grain Commissioners will inevitably be one year old. Having regard to changes in permit holders arising from death, retirement, sale of land, changes in landlord and tenant arrangements, a change of thousands of names in the list each year is inevitable. A list a year old may be inaccurate to the extent of from 3 to 5 per cent. I might ask members of parliament whether they would like an election held on the basis of the election list for the previous election. (2) No territorial restrictions with respect to voting are contemplated. Voters at over seven hundred single elevator points can vote for companies at other points even though they have no intention of delivering outside their own point. (3) No scrutiny is possible as to who signs the ballot, and (4) No safeguards can be set up against the percentage of voters, even though small, who may be subject to influence in casting their votes. (5) What provision will be made in the event that persons are proven to have voted through fraud or undue influence?

We have to disassociate ourselves from any scheme of rigid car allocation. In particular we point out special defects in this latest pool proposal as follows: (1) As already stated, a vote is proposed on the basis of a producer's list one year old. (2) The notices, allowing a minimum of two or three weeks for their receipt, signature and return, would have to go out early in the year if the Board of Grain Commissioners is to make the very extensive calculations to determine quotas at some 2,000 elevator points across the prairies. (3) Producers will therefore vote without any knowledge of the amount of

grain they may ultimately have to market, or whether they will have any. One has only to consider the change in the prairie wheat and general crop outlook which took place in western Canada last year after the middle or even the end of July to understand how distorted would have been any voting in July. (4) The formula when once prepared must continue for the crop year regardless of any change of mind on the part of producers. A producer may have voted for elevator A and he may later want to deliver to elevator B, but when he delivers to elevator B he finds of course that he has influenced the distribution of cars in favour of elevator A. (5) Having exercised the vote any purchaser can still sign his name to the car order book thus exercising his choice a second time. And no one would suggest eliminating the car order book. (6) As already stated, a company dissatisfied with its position at any point can upset the whole cycle by invoking the car order book. (7) The cycle may be completely upset by reason of car allocations made necessary to carry out policies of marketing by the Canadian Wheat Board. (8) Legislation empowering the Board of Grain Commissioners to carry out any such plan would conflict with that section of the Canadian Wheat Board Act which gives that board jurisdiction over allocation of box-cars, jurisdiction which it needs to perform adequately its task of marketing western grain.

Now I know, Mr. Chairman, that Mr. Wesson this morning pointed out that some of those objections might be overcome by crediting any out of turn cars against the cycle, but then I ask, "Who is going to supervise that, and is the Board of Grain Commissioners either staffed or able to make the survey across the prairie provinces over elevator agents and others to ensure proper supervision and regulation."

Now as against such a plan we repeat the simple suggestion we have already made: leave it to the Canadian Wheat Board to allocate its shipping orders, on an equitable basis, between the elevator companies as long as elevator congestion continues, and as long as it has special needs for certain kinds and grades of grain. In our opinion that leaves the ultimate control of car distribution with the body responsible for moving grain into sales position and with that body now clothed with all the authority which parliament can confer. It leaves the control with a body which can change its policy at any time to meet marketing needs as against formulae which of necessity must be rigid and inflexible. In other words, let the Board which did the job in war time finish the job which has arisen in peace time. Thank you, Mr. Chairman.

The CHAIRMAN: Are there any question?

By Mr. Castleden:

Q. Yes there is one I would like to ask. On what authority do you make the statement that the Wheat Board allocates its shipping orders in proportion to the stocks in store.—A. If you remember, I made the statement in the very early part of my talk that I am not sure that the Board is following that plan closely, that they are not departing from it somewhat. We do not know. They started with that plan, but they may have departed from it. They may be introducing some other plan such as general percentages. We do not know. We do know this that we take off a statement not less than every two weeks, and we have been satisfied with the manner in which cars are being distributed. We rather hope that the general basis fundamentally is being followed, possibly with some variation.

Q. You made the statement that your business had not increased in proportion to the total business for the year; that your percentage of the total grain business in the year 1953-1954 had not increased over that of other years?—A. I think you misunderstood me.

Q. I was not quite sure.—A. I may have been speaking too rapidly. What I said was this, that we have lost our percentage as against some competing companies, just the same as the Wheat Pools have.

Q. How about the percentage of total business?—A. But on the percentage of total business we look at it in this way: we take the percentage of total shipments as shown by the statements of the Wheat Board and we compare our own percentage with that, and then look at the general trend of our percentages for a year and a half back and we find that we have not lost a great deal. There has been a slight loss, but not enough of a loss in our opinion to justify us in making any complaints.

Q. Then I take it from that that your percentage of the total handlings of wheat is down?—A. We are down a little, yes in relation to some companies. We have increased of course our total percentage of the handlings.

Q. The percentage of handlings?—A. Yes. We have increased that over the years, because we have a lot more elevators. I think you will find from the statement that you have before you that last year we increased our total country capacity by a larger percentage than any other company, and so we do get a corresponding increase in business.

By Mr. Johnson (Kindersley):

Q. I take it, Mr. Brownlee, you are quite pleased with the allocation of box-cars that you are getting from the Canadian Wheat Board as the result of the new system which they established last October?—A. We say that we have had no reason to complain yet.

Q. You do not know what percentage you are getting in proportion to the other elevator companies?—A. Yes. We know what percentage of total shipments made in the three western provinces we are getting. Our chief auditor, Mr. Driscoll regularly every two weeks makes a calculation for us based on the Wheat Board's figures of shipments and our known shipments, he furnishes us with that statement so as to keep us informed from one period to another. We know with reasonably accuracy what percentage we are enjoying of the total shipments of grain, and having regard to general conditions today, and to our desire to see this plan continued by the Wheat Board, we have made no complaint.

Q. Another point in the same regard, Mr. Chairman. Since you state in your opening paragraphs that you are a cooperative based on the Rochdale principles, I assume you would have annual meetings, and you also state on page 7 that you cannot take care of all of your regular customers, who of course would be in attendance at the annual meeting. Do they ever bring this point up and request some other means whereby they could deliver more of their grain to the elevator of their choice or their own elevator, which would be the U.G.G. in this instance?—A. We have, sir, an annual meeting at which we have some three hundred delegates all farmers. We pay their expenses to ensure an attendance, and I think you will agree that with a membership of 50,000, 310 delegates is as high a percentage of delegates as any cooperative enjoys. The business of the company is reviewed thoroughly, and resolutions from locals are discussed. We have only had one resolution from one local across the three prairie provinces asking for any change of this kind, and when that resolution came before the meeting the representative of the local asked to have it withdrawn.

Q. In other words then the average members is not too concerned whether he can deliver all his own grain to his elevator or not.—A. I would think that our members are just as loyal as those of any other. I would prefer not to go into the complete answer to what question, but it is rather significant, you know, that the letters which you have had have come pretty much from one Province.

Q. Just pursuing that same line of question, of the privilege of the farmers to deliver to the elevator of their choice but do you agree with the brief of the North-West Line Elevators Association that the car order book sections of the Canada Grain Act are sufficient to grant this privilege to the farmers?—

A. No, we would not follow the recommendation of the North-West Line Elevators Association. The car order book provisions of the Canada Grain Act were invoked in one or two years in some places, I think in Saskatchewan. My recollection is that in Alberta only in three or four places in the Peace River country was an attempt ever made to invoke these provisions of the Act. In Manitoba, I doubt if there was any attempt. So it is only in Saskatchewan that the problem of the car order book has been a major one in the past three years. We say that in a national wheat storage emergency—which is just as much a national emergency as may fall upon any other country but fortunately in a much better way, providing us with a lot of wheat—in such an emergency so far as wheat, oats and barley are concerned you should leave supreme authority with the body that is responsible for ordering out and moving the grain. Make that your senior authority, and everything else subservient to that. We believe that through the Wheat Board and its method of allocating orders this whole problem will work itself out quickly and smoothly, and with the minimum of friction. Unfortunately when you have to depend on the car order book provisions you get a great deal of friction, and you have all kinds of difficulty as between one authority and another. Under our plan there is no question of authority, there is no question of conflict of legislation. You have the one senior authority with the right to say what grain goes forward and when, and to make its allocations of shipping orders. Car allocations between elevators follow that quite easily. The whole plan works smoothly, and you have no commotion and no objection from the country. In my opinion you will not hear much objection today.

Q. One final question: on page 15 there is outlined the amount of money that the company has invested in elevators and you say you have a large investment at stake. That of course applies to all of the other companies and more specifically the Saskatchewan Wheat Pool. Do you feel then that in the course of an election you might lose business to some other company?—A. No sir. If we have to face an annual election we will face it just as we have faced every other issue in the fifty years of our history. But would any member of parliament want to be in the position that his work here depended upon an informal vote such as this taken annually at a certain period of the year? It is not a vote. I hope that no one will think I am speaking sarcastically when I say that I have compared it with the beauty contest carried on annually in connection with the Stampede at Calgary, when the queen is elected by the activities of the canvassers who go out. We say that the investment of millions and millions of dollars in elevator facilities should not be left in the position where every year, before we know what the crop is, before we know who is going to have a bushel of grain to deliver, forms are sent out based upon a list of the previous year, which is bound to be inaccurate; then somebody takes the forms when returned and makes a calculation and we have an inflexible formula for car allocation at the point for the year. We simply say that in our judgment that is not a good position in which to place companies that have investments of millions of dollars. We do not want to have to go out every year regularly in the months of May and June with a bunch of organizers, to address meetings and do things of that kind, in order to persuade producers to send their

ballots in so that we get our percentage. If we have to do that, we will meet it just the same as we have met every other problem in our fifty years of history.

By Mr. Castleden:

Q. Your statement was to the effect that most of the complaints had come from one province. I think if you look over the record last year the Pools in Alberta and Manitoba maintained their shipments and percentage of business for a province over the year before, but in the province of Saskatchewan there was a serious drop of about 51 per cent of the business down to about 43 per cent. I think that was where the cause of the trouble was.—A. I would rather the Pools would answer that. I was under the impression myself that the Alberta pool probably had lost upwards of 5 per cent, and, since the 1st of August, had probably regained 2½ or 3 per cent—somewhere around there. The Saskatchewan Wheat Pool I believe claims that at one time they had 51 per cent and that dropped to 43. But just look at this chart if you can see it—and I do not want this transcribed on the record—this is a picture of what has happened in the last 25 years. There is your normal line, a combination of production and carryover, and you see two skyscrapers here. The skyscrapers represent two emergency situations in the delivery of grain. Now does anyone think for a moment that the larger companies can maintain the same percentage of deliveries in “this” peak year that they received in the normal years. I think it is inevitable that in a time of storage crisis that the Pools and ourselves will lose some of our percentage of total business. But we get a much larger business because we get a percentage of a much larger volume. Let us see how the Pools have suffered. In 1950 the Pools combined handled 213 million bushels. I believe these figures are taken from their reports. In 1951 they handled 247 million; in 1952, 308 million; in 1953, 349 million, going back in 1954 to 246 million. Our figures are much the same. We handled 90 million two years ago—over 90 million. We did not handle it last year and we will not handle it this year. We did not get our same percentage but we handled much more grain. In any event, how are you going to get over section 109 of the Act? Put any one of these plans into effect tomorrow and you will still have the same situation, that is if you have the same congestion—the minute space is available you have farmers, members and non-members, watching it. The non-members get their share, and the member who wants to deliver cannot do it. As long as section 109 is in force you cannot possibly put in any plan which will guarantee to farmers the right to deliver to the elevator of their choice, because other people will crowd in and take the space.

Mr. TUCKER: One of the basic ideas in the brochure put out by the pools, it seemed to me, was to put the emphasis upon this being railway policy, that the railway policy is one elevator—one box-car. I see in this brochure it says “Canadian railways”—it is in the fourth paragraph—“have been following the policy of allocating box-cars on the basis of one-elevator-one-box-car. That is the box-cars available for the movement of grain from each shipping point have been allocated about equally among all the elevators there,” and the emphasis in this brochure seems to be that the railways are to blame for this situation, and something should be done to give them some direction. Now with your experience in regard to the handling of grain do you think that this is due to railway policy rather than to directions by the Wheat Board, as the effective thing—that is the orders for grain by the Wheat Board?

Right Hon. Mr. HOWE: The Wheat Board I may say does not order one car one elevator. They have no right to do so. As a matter of fact they do

not order any cars for any elevator; they simply allocate the cars to the shipping orders. The cars follow the shipping orders.

Mr. TUCKER: What I was getting at, Mr. Howe, was that the brochure indicates that the railways have been responsible for this situation, whereas I understood the evidence so far to be—and I wondered if Mr. Brownlee agreed with it—that the basis upon which grain has been moving out has been the orders given by the Wheat Board to various companies, and that that ultimately would determine the amount of cars taking grain out from the various companies. It would not depend on the railway policy, it would depend upon the orders given by the Wheat Board.

The WITNESS: Well, I am not sure that I have your question, but under our plan at the present time what Mr. Howe says is quite correct, and I think I made that clear, that the Wheat Board does not order a car to a particular elevator. We were in the process of making up our schedule when I left Alberta covering orders from the Wheat Board, and we would say, "We want so many cars to go to Barnwell and so many cars to go to Nemiscam or some other point". We send the list back to the Wheat Board and the Board gives it their approval, then the cars go forward from the railroad pursuant to our own choice of points but under the general allocation of shipping orders from the Wheat Board. In my judgment, since the 1st of August it has been the allocation of shipping orders by the Wheat Board that has in fact prevailed. I have no brief for the railways, but I am not inclined to join at all in the suggestion that there has been any great fault on their part. When you get into a situation such as we have had, what can the railways do? Under section 316 of the Railway Act parliament has said that railway companies must not give or make any undue or unreasonable preference or advantage in favour of anyone; they have got to distribute their cars in a reasonable way.

By Mr. Tucker:

Q. The part of this brochure, Mr. Brownlee, that I brought to your attention, which rather surprised me, is where it says: "And this puts the farmer back where he was before 1902; at the mercy of a railway policy in delivering his grain." I take it from what you say that railway policy has not been determining the matter at all.—A. I do not think the railway policy has been the determining factor. I think the railways under the directive which parliament gives to them have simply done the best they could in the face of emergency. Now we are suggesting that authority be continued at the highest level, not at an intermediate level, but at the highest level, to allocate shipping orders and through that allocation to control the movement of the cars in the future.

By Mr. McCullough:

Q. Mr. Brownlee, in the latter part of your brief I think it is true to say that you agree with me that you went over the various proposed plans?—A. Yes, I tried to.

Q. And you pointed out that they had been discarded, and then in the latter paragraph you stated I think that you did not put forward another proposal other than to say that you are in agreement with the present handling of the allocation of box-cars. Is that true? You pretty well endorse the present method of allocation of box-cars?—A. Yes, with the exception of this, that before this committee last year, after reviewing the plans which up to that time had been put before it, we took the position that rather than try to work out legislation that would put any of those plans into effect, a better plan would be to say to the Wheat Board, "Continue this plan which you introduced a couple of months ago and which worked successfully during the

first war". We said it is more or less academic to be considering any of these other plans when through the Wheat Board you have supreme authority to take care of the whole problem.

Q. That is what I gathered from what you said.—A. Yes, that is what I say.

Q. At the bottom of page 6 you make the statement that you agree with Mr. Lamont: "We will all agree with the statement by Mr. Lamont, speaking for the companies of the North-West Line Elevators Association when he said last year (page 487 of the minutes) 'One of the most valued rights which the farmer now possesses is that of delivery to the elevator of his choice.'" Is it not a fact that the farmers are quite concerned and do not believe that they now possess that under the present allocation of box-cars? That is the point. You say about half-way down page 6 that you agree in principle with the pools and with the Interprovincial Farmers' Union Council that the farmer should have the right to deliver grain to the elevator of his choice, but you do not indicate how that can be made possible. I think too that when you showed us the graph, Mr. Brownlee, you pointed out that in the years of surplus of large carryovers and large crop margins, there was not the same handling percentages by the various companies; but at the same time would you not agree that in those periods, which were fairly extensive, the farmer through the allocation of box-cars was not able to deliver to the elevator of his choice; he was forced through that situation to deliver to other elevators who perhaps were not of his choice.—A. I think that during the last two or three years that may have been right. My answer is, of course, that you may have any principle as dear to the heart as you desire, such as the right of the farmer to deliver to the elevator of his choice, but there come times in the history of any country when because of economic conditions and crises of some kind—it is simply impossible to work out any plan by which that right can be exercised 100 per cent. I think we have been passing through one of those emergency periods and I believe that when we must place upon the Wheat Board, the duty not only of marketing the grain but also of choosing what grain shall go forward and the task of fixing quotas, etc., then the situation makes absolutely impossible the complete enjoyment of the right to deliver to the elevator of one's choice. You might just as well say that the people of London today have the right to get on a train and go from Liverpool to London; that they have the right to travel, but if some circumstance interrupts that right, what are you going to do about it? So I simply come back to this. We think we are now working out of the emergency; we think we have now got authority back into the hands of the people who might have had it two or three years ago. The Board now has the authority and is exercising it. The Board has supreme authority. Why in the world should we now try to set up some other authority with conflicting powers to do the same job? I say that the right of the farmer to deliver to the elevator of his choice can be met more easily, with less friction, with less trouble, without conflicting authorities with similar jurisdictions, simply by leaving the whole problem where it is at the present time, in the hands of the Canadian Wheat Board.

By Mr. Studer:

Q. We were talking this morning about the car order book, and the suspension, and the consensus of opinion, at least as it was left with us, resolved itself around the position that it was possible for the Wheat Board not to be placed in the position where it had to fill orders, or for whatever reason it was, out-of-condition grain or to fill overseas markets orders, for any purpose—if it was possible that the Wheat Board did not have to suspend the car order book, that the car order book of itself would give the right to

every individual farmer to deliver to the elevator of his choice. Do you think that that car order book fulfills this design or objective for which it is in existence?—A. Would you mind just stating the question again? I do not know that I have got it quite clearly.

Q. This morning we were discussing the car order book that up to then applied, and congestion, and everyone appeared to agree that the car order book gave the farmer the right to deliver to the elevator of his choice. It became inoperative from time to time because the Wheat Board in order to fill orders for certain grades of grain for overseas shipment, or whatever it happened to be, or grain out-of-condition, had to suspend this car order book and as a result thereof it became inoperative. Do you think the car order book in itself fulfills that desire on the part of farmers, or their right, as you might call it, to deliver to the elevator of their choice when this period comes to an end, when there would be no longer any necessity for suspension of the car order book does the car order book give the farmer that fundamental right?—A. I would say that if and when we get back into a period when grain is moving fairly normally, with the amount of elevator space which we now have in western Canada and which is increasing, and with the car order book to take care of any particular circumstances, the farmer would have no difficulty in delivering to the elevator of his choice. I think we would be back to the position that we were in since 1946 when there was no trouble out in the country at all. You never heard of the farmer wanting the right to deliver to the elevator of his choice. He had the right and he was enjoying it. I think we will get back there.

The CHAIRMAN: Are there any other questions?

By Mr. Tucker:

Q. Just one point I wish to clear up, Mr. Brownlee: on the last page of your brief you say: "(8) Legislation empowering the Board of Grain Commissioners to carry out any such plan would conflict with that section of the Canadian Wheat Board Act which gives that board jurisdiction over allocation of box-cars." Is that correct? I understood that the situation was that the Wheat Board had the right to order cars and that their orders took preference over the car order book because there was a partial suspension of the car order book by the transport controller, and the power to do that is not in the Wheat Board Act. I was just wondering if you say that there is a section of the Wheat Board Act which gives power?

Right Hon. Mr. HOWE: The transport controller lost all power to suspend the car order book when the emergency legislation expired.

Mr. TUCKER: It is in the report of the Grain Commissioners that the car order book has been under partial suspension during the 1954 crop year, and I was just wanting to find out about that. It says on page 12 of the report of the Board of Grain Commissioners:

The transport controller by an order of October 2, 1953, reissued on August 10, 1954, provided that applications for cars in the car order book would be passed over temporarily and not cancelled if the applicants could not ship grain due to Canadian Wheat Board restrictions; and that cars would be supplied in turn after prohibitions were removed.

So that, as I take it, on August 10, 1954, if the transport controller provided that applications in the car order book should be passed over, it was because it was necessary to carry out orders placed by the Canadian Wheat Board, and I understood that it was under that order of the transport controller that the car order book provisions were not being applied. What I

wanted to find out was this: you referred to a section of the Wheat Board Act, and I just wondered if there was such a section.

The WITNESS: Well, I can read the section of the Canadian Wheat Board Act to you, which pretty well speaks for itself. It is section 20:

The board may, notwithstanding anything in the Canada Grain Act, but subject to directions, if any, contained in any order of the Governor in Council, by order...

And then there is a whole list of things that it may do. Subsections (d) and (e) cover the delivery points and the quotas; subsection (f) fixes from time to time quotas of each kind of grain that may be delivered to elevators. Subsection (g) says:

...prohibit the delivery into or receipt by an elevator of, any kind of grain, or any grade or quality thereof, either generally or otherwise.

And subsection (h):

exclude any kind of grain, or any grade or quality thereof, from the provisions of this Part, in whole or in part, either generally or for any specified period or otherwise;

(i) require any kind of grain, or any grade or quality thereof, in any elevator to be delivered into railway cars or lake vessels;

(j) prohibit the delivery of any kind of grain or of any grade or quality thereof out of any elevator into railway cars or lake vessels;

(k) provide for the allocation of railway cars available for the shipment of grain at any delivery point, other than cars placed pursuant to a car order book, to any elevator, loading platform or person at such delivery point.

And so forth. A whole section deals with it.

By Mr. Tucker:

Q. In the light of that, to carry out the suggestions of the wheat pool then you would have to have an extensive revision of the powers of the Canadian Wheat Board Act; you would have to cut these powers down. I take it that is your opinion.—A. I have not attempted for one minute to work out the legislation that would be necessary to put into effect the plan suggested by the Wheat Pools. But I would say yes, that to carry out the plan which they propose you must first give authority to the Board of Grain Commissioners, and quite extensive authority, and then in some way you must associate those powers with the very wide powers that are given now to the Canadian Wheat Board. I do not personally see how it can be done, or how it can be put into practical legislation. I do not claim to be a solicitor any more; I used to have some practice in drafting legislation, but with all the conflicting authority that we have, I would be quite at a loss to understand how you could frame legislation that would put into effect the proposal now before you.

By Mr. McCullough:

Q. Mr. Brownlee, you stated that you felt that the farmers should be ready to accept or tolerate some inconvenience under these, what you might term special conditions of congestion. Now I am not speaking particularly for the wheat pools any more than for your own company, but do you not agree that in the case where you might have an elevator handling 75 per cent

of the grain normally at a point, and the other elevator, if there are only two elevators, handling 25 per cent, and the allocation of box-cars is one car one elevator, and that not only is the farmer suffering an inconvenience but when he has made his choice, such as those who belong to the wheat pool who have built their own elevator system, or the United Grain Growers, then they are also being compelled through force of circumstances to deliver to their competitors. Now that is the problem which concerns our farmers in many cases.—A. All right, that is the problem concerning the farmers today. Every person in this room is anxious to see the farmers have the right to deliver to the elevator of his choice just as quickly as he can. I do not like the inconvenience that he has had, but I said—and I want it clearly understood exactly what I did say—that when you get into a state of national emergency from one cause or another, people do have to suffer inconveniences. Then we turn our attention to what can be done to remedy the situation? I am looking at the remedies that have been proposed and I say that they are all impracticable except one. The one which I say is practicable and which will get you back to the place you want to go where the farmer will have the right to deliver to the elevator of his choice is to leave the authority in the hands of the Canadian Wheat Board. If you want to preserve the national economy of Canada in the marketing of wheat you dare not disturb the present situation by setting up some other authority with equal power to control allocations of orders or allocations of cars. To preserve the national economy of Canada in my opinion you must leave the Wheat Board with the widest possible powers to control the movement of grain. Then I say the logical thing to do is to leave it to that authority to work out the plans. You and I want to go to the same place. I am trying to get there in the direct way through the medium of the supreme authority which we have in Canada today for the control of grain. Some of these other plans are going the long way around. They cause much more trouble, and will not get you to the destination any quicker.

Q. I wonder if you would comment on the fact that now for many years we have had quotas. Would you comment as to whether or not you are in agreement with the statement that in view of that fact, that we do have quotas, and the farmers have to sell just certain quotas of grain, then through the present set-up of the allocation of box-cars—you made the statement that it is only in a matter of congestion, but where we have had quotas that has been the fact—he is not again forced, through these quotas, to deliver grain in many cases to the opposition rather than to the elevator of his choice?—A. Oh, I would not say that exactly, no. I do not think you can pin the situation that has prevailed in the west down to any one reason such as quotas. I think you have to take other things into consideration. There is the fact of quotas, of course; there is the question of elevator space; there is the question of the ability to move grain out of elevators into terminals; there has been your bottleneck. The inability to move grain from country elevators to terminals in my opinion has done more to prevent the farmer delivering to the elevator of his choice than probably any other single cause. You have had a combination of causes, not just one.

Q. Then would not what you have just said be based on the theory that the movement from the elevator would be such that it would be emptied sufficiently to be able to take the grain from any farmer who desired to deliver to it? I think that is the assumption on which you have made your remark, when you stated it was congestion at the terminals?—A. I said that it was in my opinion one of the contributing causes, yes—quotas and other things also are contributing towards it.

Q. The fact remains that if that were true then the elevators would be empty and of course we would not have the problem, but we are faced with

the problem of the elevators not having a fair share of cars in order to empty their space sufficiently to take the percentage of the grain which the farmers are prepared to deliver to them. I think that is the problem.—A. Well, I do not know. I am afraid we are talking rather at cross-purposes, because I am awfully sorry to say I really do not get your point. Possibly if you would state the question again I might try to answer it, but at the moment I am not clear as to just where we are.

Q. Well, you made the statement that the problem has been congestion at the terminals?—A. I said it was one of the contributing causes, not the exclusive one.

Q. No, that is true. Then the problem seems to be that where an elevator is having a larger percentage of the farmers desiring to deliver grain to that elevator there are not sufficient cars allocated to that elevator and therefore if the allocation was made more on the percentage of the desire of the farmers to deliver to that elevator, would not that be a far more satisfactory solution than leaving it as at present constituted where the cars are allocated on the basis of perhaps one car to one elevator?

Right Hon. Mr. HOWE: You know, that theory that they are allocated on the basis of one car one elevator is an invention of your group. They are allocated by the people that operate a system of elevators and who have a call from the Wheat Board for so much wheat. They could allocate one car per elevator or five cars per elevator, or anything they liked. You stick to the idea that every allocation is on the basis of one car one elevator, but if you just analyze the statistics you will find that is not true.

Mr. McCULLOUGH: Would you be prepared then to say that they are allocated with respect to the percentage of the grain handled by the respective elevators?

Right Hon. Mr. HOWE: When the grain is called up to the elevators by the Wheat Board, the cars follow the grain, and if the elevator company wishes to favour a certain elevator of their own they are entitled to do so. The distribution is really made by the elevator company to the extent that the grain has been called up.

Mr. STUDER: Mr. Chairman, I would suggest in connection with the quota system that has been mentioned that that was the primary fundamental right that was granted to the farmer, that he should have a place to deliver his grain that he would not have if it was not instituted, and the quota system gives him more rights to deliver to the elevator of his choice than if there was no such system, because otherwise it would be completely congested, and one farmer would have an advantage, and another farmer no advantage whatever.

By Mr. Zaplitny:

Q. If there are no other questions on box-cars there is a question on another matter which I have been waiting to put: In the matter of overages is it the practice of your company, where you have a net overage, to pay that net to the farmers dealing with your company in the form of patronage dividends?—A. Our company is a complete cooperative in every respect. We differ from the Manitoba pool in one particular respect. We are on the same basis as the Saskatchewan and Alberta pools, that is that we have one large group of farmers, but all of the assets of our company are owned by 50,000 farmers, and all of the earnings of the company are enjoyed by the members. I want to make this reservation, that we have not followed the practice in recent years of handing back everything, all of the profits, in the shape of patronage dividends. In order to build up working capital, in order to safeguard our financial position in the future, we have preferred to pay income tax on a certain portion of our earnings so that we may hold money as working capital

without any strings to it at all. But primarily, basically everything that we have and everything that we earn goes back to our farmers, just as truly as in any other cooperative.

Q. I would take it then, Mr. Chairman, that the income or revenue from net overages would then go in?—A. Absolutely; it is there for the benefit of all our growers.

Q. What I was going to say was that it goes into the general revenue of the company; it is not earmarked for patronage dividends.—A. I do not quite understand your question. I do not think any cooperative earmarks a certain portion of its earnings for patronage dividends.

Q. I did not make the statement that cooperatives do. I am asking: does your company do it?—A. I say that our company does the same as all others with patronage dividends: we take our general earnings at the end of the year and we decide how much of that we can afford to pay back in the shape of patronage dividends, and whether any of it should be held for safeguarding the position of the company. The proportion we decide to turn back goes back evenly between our customers according to the grain which they deliver.

By Mr. Studer:

Q. Would you be agreeable, in connection with this confiscation of overages, to have them confiscated if the same parties would also confiscate your shortages and your grade losses?—A. I do not know how they could confiscate our shortages.

Q. Well, if any body is good at confiscation they ought to be able to work that one out.

The CHAIRMAN: Can I now thank our witness on behalf of the committee?

Thank you very much, Mr. Brownlee. We will meet tomorrow at 10.30 in the morning, and we have two more witnesses, Mr. Parker and Mr. Plumer.

APPENDIX "A"

(Information requested by Mr. Tucker)

INCREASE IN STORAGE CAPACITIES, BY LICENSEES, AS AT JULY 31, 1954, OVER JULY 31, 1953 FIGURES
COUNTRY ELEVATORS

	July 31/53	July 31/54	Actual increase	Previously operated by other licensees *	Increase account new construction	Per cent increase new construction
Alberta Wheat Pool.....	34,578,850	35,608,850	1,030,000	.....	1,030,000	2.98
Alberta Pacific Grain Co. (1943) Ltd.....	18,447,500	19,190,500	743,000	65,000	678,000	3.68
Canadian Consolidated Grain Co. Ltd.....	5,154,000	5,731,000	577,000	.....	577,000	11.20
Ellison Milling & Elevator Co. Ltd.....	1,793,500	1,856,500	63,000	.....	63,000	3.51
Fraser-Hill Limited.....	34,000	64,000	30,000	.....	30,000	88.24
Federal Grain Limited.....	22,484,300	23,262,800	778,500	.....	778,500	3.46
Inter-Ocean Grain Co. Ltd.....	547,000	864,200	317,200	312,000	5,200	0.95
Lake of the Woods Milling Co. Ltd.....	4,146,700	4,299,400	152,700	.....	152,700	3.68
Maple Leaf Milling Co. Ltd.....	70,000	105,000	35,000	.....	35,000	50.00
Manitoba Pool Elevators.....	17,230,000	18,691,000	1,461,000	.....	1,461,000	8.48
McCabe Grain Co. Ltd.....	4,995,000	5,342,000	347,000	.....	347,000	6.95
National Grain Co. Ltd.....	19,789,850	20,481,200	691,350	.....	681,350	3.44
Ogilvie Flour Mills Co. Ltd.....	6,133,500	7,369,500	1,236,000	961,000	275,000	4.48
Paterson & Sons Ltd., N. M.....	5,563,000	6,113,000	550,000	.....	550,000	9.89
Parrish & Heimbeker Limited.....	3,828,000	3,840,500	12,500	.....	12,500	0.33
Pioneer Grain Co. Ltd.....	23,978,100	27,449,200	3,471,100	1,656,000	1,815,100	7.57
Henry Ritz.....	25,000	35,000	10,000	.....	10,000	40.00
Scottish Co-op. Wholesale Society Ltd.....	361,000	391,000	30,000	.....	30,000	8.31
Searle Grain Co. Ltd.....	25,757,300	26,933,778	1,176,478	.....	1,176,478	4.57
Saskatchewan Wheat Pool.....	71,919,400	75,944,900	4,025,500	.....	4,025,500	5.60
United Grain Growers Ltd.....	36,295,800	43,523,300	7,227,700	4,597,500	2,630,200	7.25
Weyburn Flour Mills Ltd.....	1,041,560	1,220,360	178,800	143,000	35,800	3.44
	304,183,360	328,317,188	24,133,828	7,734,500	16,399,328	5.39

Terminal & Mills—6,638,410

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HOUSE OF COMMONS
Second Session—Twenty-second Parliament
1955

Government
Publications

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

including

SECOND REPORT TO THE HOUSE

Respecting

Report of The Canadian Wheat Board for the crop year 1953-54;

and also

Report of the Board of Grain Commissioners for Canada for 1954.

FRIDAY, JUNE 3, 1955

WEDNESDAY, JUNE 8, 1955

WITNESSES:

Mr. William J. Parker, President, Manitoba Pool Elevators; and
Mr. Ben S. Plumer, Chairman of Board of Directors, Alberta Wheat Pool.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.

and

Messrs.

Anderson	Harkness	Murphy (<i>Westmorland</i>)
Batten	Harrison	Perron
Boucher (<i>Chateauguay-</i> <i>Huntingdon-</i> <i>Laprairie</i>)	Huffman	Pommer
Breton	Johnson (<i>Kindersley</i>)	Poulin
Bruneau	Kickham	Proudfoot
Bryce	Kirk (<i>Antigonish-</i> <i>Guysborough</i>)	Purdy
Cardiff	Leboe	Quelch
Castleden	Legaré	Roberge
Charlton	Lusby	Robinson (<i>Bruce</i>)
Clark	MacKenzie	Schneider
Decore	MacLean	Stanton
Demers	Mang	Stick
Deslières	Massé	Studer
Diefenbaker	Matheson	Tucker
Dinsdale	McBain	Villeneuve
Fontaine	McCubbin	Weselak
Forgie	McCullough	White (<i>Middlesex East</i>)
Gingras	(<i>Moose Mountain</i>)	White (<i>Waterloo South</i>)
Gour (<i>Russell</i>)	Michaud	Wylie
	Montgomery	Yuill
		Zaplitny—60.

(Quorum — 15)

E. W. Innes,
Clerk of the Committee.

NOTE: The name of Mr. Argue was substituted for that of Mr. Zaplitny on June 6.

ORDER OF REFERENCE

MONDAY, June 6, 1955.

Ordered,—That the name of Mr. Argue be substituted for that of Mr. Zaplitny on the said Committee.

Attest.

Leon J. Raymond,
Clerk of the House.

REPORT TO THE HOUSE

THURSDAY, June 9, 1955.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

SECOND REPORT

On May 10, 1955, the House referred to the Committee the Report of The Canadian Wheat Board for the crop year 1953-54, together with the Report of The Board of Grain Commissioners for Canada for the year 1954.

During the consideration of the above-mentioned reports, your Committee has held 18 sittings and heard evidence on grain from the following:

1. The Canadian Wheat Board
2. The Board of Grain Commissioners for Canada
3. The Interprovincial Farm Union Council
4. The United Grain Growers Limited
5. The Alberta Wheat Pool
6. The Saskatchewan Wheat Pool
7. The Manitoba Pool Elevators
8. The North-West Line Elevators Association.

Your Committee wishes to express its appreciation for the valuable information and gracious assistance tendered by the various witnesses.

Your Committee carefully considered and approved the operations of The Canadian Wheat Board, the Transport Controller, and the Board of Grain Commissioners for the period under review.

Your Committee gave particular study to the difficulties of moving grain at this time of relative congestion and the inherent problem of the equitable distribution of boxcars.

Your Committee was seized with the present necessity of Wheat Board shipping orders having overriding priority. This Committee recommends that the Wheat Board allocation of shipping orders be carried through, by the

Wheat Board issuing instructions to the railways to spot boxcars at elevators at each shipping point in proportion to the Wheat Board orders approved for that point.

A copy of the Committee's Minutes of Proceedings and the Evidence is appended.

All of which is respectfully submitted.

RENÉ N. JUTRAS,
Chairman.

MINUTES OF PROCEEDINGS

FRIDAY, June 3, 1955.
(16)

The Standing Committee on Agriculture and Colonization met at 10.45 o'clock a.m. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Bryce, Castleden, Charlton, Deslieries, Dinsdale, Gour (*Russell*), Harkness, Harrison, Jutras, Kirk (*Antigonish-Guysborough*), Mang, Matheson, McCullough (*Moose Mountain*), Michaud, Pommer, Purdy, Stanton, Studer, Tucker, Weselak, Wylie and Yuill.

In attendance: Rt. Hon. C. D. Howe, Minister of Trade and Commerce.

From the Manitoba Pool Elevators: Mr. Wm. J. Parker, President.

From the Alberta Wheat Pool: Mr. Ben S. Plumer, Chairman of Board of Directors; Mr. G. L. Harrold, Member, Board of Directors; Mr. G. C. Griffin, Eastern Sales Manager.

Mr. Parker was called, made a statement on behalf of his organization, was questioned thereon, thanked and retired.

At 12.50 o'clock p.m., the Committee adjourned until 3.30 o'clock p.m. this day.

AFTERNOON SITTING (17)

The Committee resumed at 3.45 o'clock p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Castleden, Gour (*Russell*), Harkness, Johnson (*Kindersley*), Jutras, Kirk (*Antigonish-Guysborough*), Légaré, Lusby, MacKenzie, Mang, McCullough (*Moose Mountain*), Pommer, Purdy, Stanton, Stick, Studer, Tucker, Weselak, Wylie, Yuill and Zaplitny.

In attendance: Same as at morning sitting.

Mr. Plumer representing the Alberta Wheat Pool, made a statement, was questioned thereon, and retired.

At 4.50 o'clock p.m., the Committee adjourned to the call of the Chair.

WEDNESDAY, June 8, 1955.
(18)

The Standing Committee on Agriculture and Colonization met at 3.30 o'clock p.m. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Castleden, Charlton, Dinsdale, Gingras, Gour (*Russell*), Harrison, Johnson (*Kindersley*), Jutras, Lusby, Masse, Matheson, McCullough (*Moose Mountain*), Pommer, Roberge, Stanton, Stick, Studer, Tucker, Villeneuve, Weselak, White (*Middlesex East*), Wylie, Yuill.

The Chairman read into the record a legal opinion received from the Department of Justice respecting the following question:

In view of the ownership of grain vested in The Canadian Wheat Board by Section 25 of the Canadian Wheat Board Act, are the elevator

companies at any time the owners of wheat, oats or barley within the meaning of Section 62 of the Canada Grain Act so as to possess the right to enter their names in the car order book?

Certain other suggestions made during previous sittings were severally discussed.

The members of the Committee expressed their appreciation of the manner in which the Chairman had conducted the proceedings; and the Chairman in turn thanked the Committee members for their attendance and cooperation.

The Committee continued its sitting *in camera*.

The Chairman submitted a draft "Second Report to the House".

The draft Report, together with certain suggestions and amendments were considered and the said draft was amended.

The "Report", as amended, was adopted unanimously and the Chairman was ordered to present it to the House.

At 4.45 o'clock p.m. the Committee adjourned to the call of the Chair.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

FRIDAY, June 3, 1955.
10.30 a.m.

The CHAIRMAN: Order. I see a quorum so we will proceed.

We have with us this morning Mr. W. J. Parker, President of the Manitoba Pool Elevators Association. I will call on Mr. Parker.

Mr. W. J. Parker, President, Manitoba Pool Elevators Association, called:

The WITNESS: Mr. Chairman, Mr. Minister and gentlemen, first I thank you, Mr. Chairman, for the invitation to our organization to appear before this committee. I think the committee is quite important because you are reviewing the report of the Canadian Wheat Board and the report of the Board of Grain Commissioners. Those two boards and the work they administer is in our opinion very very important to western Canada, even to Canada as a whole.

Mr. Wesson said yesterday that he appreciated the advertising he got from one of the previous witnesses and was commiserating with Mr. Plumer and myself that we had been ignored. I consoled myself with the thought that we were more discriminating in the advertising medium we used! Then, Mr. Brownlee comes along and gives me considerable advertising.

I have only one purpose in appearing here today and that is to answer questions and to attempt to help you in your deliberations. I had nothing in particular to present to you. However, I am little surprised that this committee during the last few days has spent a great deal of time on car allocation. I had not anticipated that that would be one of the most urgent matters before the committee. It is not the most important; still it is important to certain people and I will discuss that if I may a little later on.

For the benefit of those who were not here last year when I was here, I would like to give you a little of the background of the Manitoba Pool Elevators Association. We are different to the other grain co-ops in that the organization is composed of 211 incorporated locals, each a corporate entity unto itself. It is only by virtue of a voluntary operating agreement that they are federated into an association with a management head office, operating terminals for them. The determining units are the locals and they total 211. So I have 211 companies to speak for—not one. Keep that in mind; I am not riding two horses at one time but I have to remember that factor in any presentation I make. In the 211 locals there are 35,000 active participants, people who deliver grain to pool elevators. We do not claim that they wish to or that they all do deliver all their grain to us. All I am telling you is that they deliver sufficient that they are registered members and participate in patronage dividends. In addition we have a seeds department and a livestock department which is just a small thing. The capital cost of the organization as a whole—I am speaking of the actual cost—is \$12,800,000 in round figures and it is all paid for. The only money outstanding and owed by our organization is, in round figures, \$2,000,000. Unsecured debentures were sold to our own members in 1948 for the purpose of paying part of the total cost of the Reliance Grain facilities which we bought at that time. I suggest that to you as a demonstration of responsible citizenship; it was necessary for us to raise

that sum of money and we did not have to go to the so-called money market. Our own members purchased the debentures and secured a promissory note for 15 years at $4\frac{1}{4}$ per cent interest; and with their own money in this way acquired their own facilities.

So much for the background of the organization for which I speak. May I, Mr. Chairman, emphasize that I am speaking for the individual members of the locals and not the company; the company is composed of the locals—the Locals of members.

In respect to overages and shortages I have no presentation, but I am ready to answer any questions as to what has happened in the past year. What I said last year I might repeat again this year as it is my opinion of the situation.

There has been some controversy about the space not being adequately used last year. I think Mr. Milner was asked about this two or three days ago and he made the off-the-cuff answer that approximately 80 per cent was about the usable space in elevators as a whole. I may say, gentlemen, that we considered our facilities full all during last year and at no time did we have more than 75.4 per cent of the registered space occupied by grain. That surprised me and I asked that the figures be rechecked because I thought it should be higher. I would suspect that elevators in Saskatchewan and certainly in southern Alberta would be able to occupy more of the registered space because wheat predominates. We in Manitoba have wheat, oats, barley, rye, flax, and on top of that we get buckwheat, rapeseed and peas. In addition to that, we get 44 different grades of grain and when you multiply that by tough and damps it is 80 grades of grain plus screenings. When we are full—I mean the elevators—we are full at approximately 75 per cent as of grain used last year. It may interest you to know that the grain weight per bushel has some effect on the actual bushels you may get into physical space. The average weight in Manitoba over the years is 47 pounds for barley, 37 pounds for oats, and 60 pounds for wheat. Last year that was reduced by almost 7 per cent. Wheat was down 4 pounds, oats down 3 pounds, and barley was down to 43 instead of 47. So, if we assume it was full on last year's weights at 75 per cent, and add 7, you are not too far off the figure suggested by Mr. Milner.

I just mention that as a matter of information. Those figures do not necessarily tell the whole story unless explored in some detail. I do not know whether you are interested in that particular carload of screenings that the Board of Grain Commissioners were questioned about, but, for the record perhaps it might be of interest if I told you that we shipped the carload from pool No. 9 which is owned by the Alberta Pool and we operate it. I did not know about it until some of them ragged me about it down here. There was nothing illegal about it. It complies with the Canada Grain Act. incidentally I approved the proposed amendments. This is a flax house with nothing else in it. The boys clean the flax and we get up to 30 odd per cent dockage in flax. They remove the dockage in total and then they reclean the dockage to No. 1 screenings. They recleaned the screenings to produce a grade of No. 1 screenings, which makes what is provided in the Act, and then in examining the price of various kinds of grain they discovered that mixed feed oats were worth more than No. 1 feed screenings and so they recleaned and removed the wild oats transferred it to another house and sold it in a load of mixed feed oats. My guess is that it cost them more to do the cleaning and loading and transferring over to the other house than the thing was worth when they had it done. I make no excuse for what they did. I merely suggest that it might be another 25 years before you would have that particular kind of grain and particular price relationship that would again give you the car which caused the controversy.

Now, Mr. Chairman, in respect to that very controversial question of car allocation, I would not like anyone down here to feel that the Manitoba Pool is asking for any consideration of an amendment to an Act by parliament because our percentage of deliveries received last year is only one and a fraction per cent less than the maximum percentage it received in any previous year. It would be utterly absurd if I were to suggest that that was the reason we ask for any consideration. The difference would have to be infinitely more than that before we could ask for any consideration. Our percentage of deliveries last year, up until July, 1954, was 48 per cent in round figures of all deliveries in Manitoba. In the previous year it was 49 per cent. I may say generally speaking that we have not lost very much of our percentage as a line or as a group. Manitoba Pool has maintained its percentage of deliveries reasonably well and we have paid the penalty for maintaining that position. The Manitoba Pool elevators since August 1, 1950 up until July 31, 1954 has built new space—not replacement of old space—but new space entirely—we built six million and fifty-nine thousand bushels; and all the other companies in Manitoba built 3,497,000 bushels. The Manitoba Pool built 63.4 per cent of all the registered space that was built from the period of August 1, 1950 until the end of July, 1954. So I merely suggest that we at least have ploughed back sufficient of our earnings in some measure to take care of the people who wish to use the organization, and we cannot be accused of paying all our earnings out as patronage dividends. Part of that money was recovery of depreciation; part of it was an absolute retention of corporate earnings on which we paid income tax. A major portion of it was retained patronage dividends of the individual farmers and they paid personal income tax on it although they may not have seen the money for five or six years.

Now, there is not any doubt in my mind that the increase in space which was in a greater proportion than that of any other company, was in some considerable measure the reason we have been successful in maintaining our relatively fair percentage which bears quite a nice relationship to what we enjoyed, when there was a so-called freedom of delivery to any particular company.

I think the line as a whole has maintained its position reasonably well, and incidentally up to May 10th or May 15th of this year, our percentage of delivery is fully 48 per cent of all in Manitoba, so we are equally as good as we were last year at the end of the year.

I said in the beginning that I am not speaking for the company. I must speak for the individual farmer. I know he expects me to put this on the record, no matter what action may be taken. What we have argued is the fundamental right of the farmer, in so far as practicable and feasible, to deliver to the elevator of his choice. But certainly, in our case he hopes to deliver to the warehouse which he has built and paid for with his own money.

It has been said that the wheat board in its allocation of shipping orders goes much of the way towards meeting the wishes of the farmer. Let us understand how that allocation is actually made. I do not know of anyone who has been on the witness stand who knows. There is only one man here who does know.

Rt. Hon. Mr. HOWE: If you are talking about me, I do not know!

The WITNESS: Only the wheat board and God know how they do it.

Mr. TUCKER: If the wheat board is not too sure, then it leaves it to God.

The WITNESS: I do not have any quarrel, with the proportion of the shipping orders that we receive, but they only give us a blank shipping order for say 200,000 or 300,000 bushels of a certain class of wheat, feed oats, or other grain, and then we allocate it to the individual shipping points. We must submit that allocation back to the Wheat Board for confirmation. If we and

the other companies at a shipping point allocate more cars to that point than are required to meet the existing quota or the immediate prospective quota, then the Wheat Board reduces the number of requested cars by each company, presumably proportionately.

From that point on, I can say without fear of contraction, the Railways in their own discretion determine in what sequence cars are placed at the respective elevators at such shipping points. If one company has been allotted 5 cars and the other company say 8 cars, then the customary practice is that until ten cars have been placed at that shipping point each company receives an equal number, and it is only when the one company has run out of shipping orders that the railway recognizes the one company's rights to more cars than the other. In other words, no one has yet taken the responsibility of instructing the railways that any one company has the preference in the number of cars at a shipping point at a specific time.

We had some controversy at one of our shipping points last year. One of our divisional superintendents took up the matter with the CPR. I would like to read you a letter we received from Mr. Curley, Vice President of the Canadian Pacific Railway Company, western division, Winnipeg and a subsequent letter from the present President of the Canadian Pacific Railway, Mr. Crump.

This correspondence started early in October. If I can find it I would like to read the one dated October 21 addressed to Mr. Braithwaite, Divisional Superintendent, Manitoba Pool Elevators, Wheat Pool Building, Winnipeg. It reads as follows:

Referring to your letter of October 19th in connection with the allocation of box cars.

The contents of my letter of the 16th instant were merely intended to convey to you the fact that the railroads do not have a free hand in the distribution of cars for loading bulk grain.

The allocation of cars as between elevators at shipping points is covered in the Canada Grain Act by the Car Order Book.

At many points on our line allotment of cars has been agreed upon by all interested parties and we are pleased to comply with such mutually satisfactory arrangements.

At points where neither agreement nor Car Order Book is used the practice has been to distribute on a car for car basis which is, in effect, the principle laid down in Car Order Book regulations. Any elevator operator can require use to place cars on a car for car basis by simply requesting the Car Order Book be placed in effect.

Yours truly,

G. N. Curley
Vice-President

That was the declared intention at that time of the Canadian Pacific Railway, where there was no mutual agreement between companies or a car order book in operation. I would not say that they did it at all places, but that was the official position of the Canadian Pacific Railway.

Subsequently this so-called interprovincial pool committee which was mentioned yesterday, met Mr. Donald Gordon with his officials and later Mr. Mather and his officials, and discussed car allocation. At that time the C.P.R. particularly said that they would not do anything different to what is in that letter of Mr. Curley's; they had no authority to do otherwise; and that they must abide by the intent of the car order book section, and that the cars had to be distributed equally between companies at the points.

Mr. Scarth, our solicitor questioned Mr. Mather, stating that in his opinion Mr. Mather's argument was based on a false premise. Mr. Scarth reports that Mr. Mather conceded that if it could be shown that it is a false premise, they would reconsider the matter.

Subsequently we got an actual ruling from the Board of Grain Commissioners. That ruling is contained in the letter which Mr. Wesson referred to yesterday, and it is in the brochure which was sent to members of parliament. There is nothing in the Canada Grain Act or in the Board of Grain Commissioners' Regulations which says that railway companies must distribute cars equally as between companies at shipping points.

I then instructed Mr. Scarth to write to Mr. Mather and to ask for reconsideration. This he did on January 13, but we had no reply to that letter until quite recently.

The Canadian Pacific Railways' official answer to our inquiry of January 13, is dated at Montreal, May 27, 1955. Mr. Crump's letter reads as follows:

CANADIAN PACIFIC RAILWAY COMPANY
OFFICE OF THE PRESIDENT

MONTREAL 3, May 27, 1955.

N. R. CRUMP, President.

Dear Mr. SCARTH:

Your letter of May 10th. I have now had an opportunity of reading your letter of January 13th to Mr. Mather.

My view is that there are four authorities which have power to exercise some jurisdiction in this matter, namely, the Board of Grain Commissioners, under the Canada Grain Act; the Canadian Wheat Board; the Transport Controller; and the Board of Transport Commissioners. Under these circumstances, and much as we would like to see the difference of opinion cleared away to the satisfaction of all concerned, I am convinced in my own mind that if the railway companies were to assume the responsibility of adopting your proposal, they would also be assuming the right to decide legal questions of major importance as between possible conflicting interests. This is a responsibility which they ought not to assume. I suggest that the problem can only be solved either by legislation or by action of the governing bodies.

On the other hand, the railways should be consulted if any change in past practice is advanced by the authorities to see that the new scheme is economically workable from an operating standpoint. Bearing in mind the existing statutory grain rates, operating costs are of grave concern to the railways and no action should be taken which would result in an increase in these costs; in fact, we would hope that it would result in decreased costs.

Yours sincerely,

N. R. Crump.

H. S. SCARTH, Esq., Q.C.,
Scarth & Scarth,
Paris Building,
Winnipeg 2, Manitoba.

Mr. Crump is going out of his way to refer to the Crow's Nest rates which are not up for consideration at the moment. But if the Canadian Pacific feels that it is losing money on hauling grain under the Crow's Nest rates, then I am sure the Canadian National Railways would be delighted to take all the

business the C.P.R. can divert to C.N. lines, and carry on with the Crow's Nest rates. These two letters expressed the official policy of the officials of the Canadian Pacific Railway in respect to car allocation. I am not saying that they follow that out to the letter at all points, because they do not, which merely proves there is a considerable discretion if they wish to exercise it. But if they are tied down to an answer they must put it that way—one car one elevator.

Mr. Brownlee quoted yesterday that under the Railway Act they may not discriminate between shippers. My question is: who is the shipper? I contend that the grower of the grain is the shipper because he pays the freight. He pays the freight on the day he sells the grain, even though it is not moved for 24 months. If I originate the grain, produce it, deliver it, and pay the freight, then I suggest that I have some right to contend that I should use the warehouse which I care to use. If the railways wish to give one company more cars than another, they cannot be charged with discrimination between shippers, because the shipper is the farmer, not the company. They cannot be charged with discriminating between two companies who are not shippers.

Let me repeat: in my opinion the elevator company is not the shipper for wheat, oats and barley. Now, I come back again to our percentage as a line. I just want to read into the record one particular shipping point which happens to be on the C.P.R. It merely proves the case that I am trying to put before you for your consideration. At Souris there are three companies, the Manitoba pool and two others. It is located on the Canadian Pacific Railway, which is merely incidental. It might just as well be on the Canadian National Railways. I quote you the percentage figures we enjoyed throughout the period starting in 1944-45, as follows: our percentage was 73·53 per cent; 74·61 per cent; 75·01 per cent; 76·51 per cent; 82·46 per cent; 81·01 per cent; 69·87 per cent; 65·84 per cent; 63·99 per cent; 40·19 per cent. It came down from a high of 82·46 to 40·19 per cent last year. That is an exaggerated case obviously or my total percentage for the line would not be what I mentioned. But it proves the point that there is a considerable discretion exercised by the railways as to where they place the cars as between companies at a particular shipping point.

Great emphasis has been placed on the Car Order Book Section of the Canada Grain Act as giving the farmer full protection. Mr. Brownlee read into the record yesterday a quotation from something I said a year ago before this Committee in respect to the "system" of the car order book. I said then and I still contend that the farmer wants to maintain the principle expressed in the Car Order Book section, namely the right of the individual to select the elevator he wishes to use, but my point today is that it does not necessarily follow that the Act as presently written will under present operating conditions give the farmer that right. In fact, I will go further and say that the Car Order Book section as written is, under today's circumstances, unworkable.

There are two basic reasons why it won't work today. First, with the quota restriction of deliveries it often takes two or more farmers to have enough grain under an existing quota to comprise one carload, which in itself necessitates two or more names on the Book to claim a car (and there are certain regulations as to delivery and time of sale which further complicates this factor). Secondly, with the existing congestion the Wheat Board must have authority and control of the movement of grain, so that it must at times order out the kind of grain it requires for the buyers, irrespective of the kind of grain the individual or individuals might have whose names first appear on the Car Order Book at any particular shipping point.

To assume that individuals, singly or collectively, may legally use the Car Order Book as presently written is naive. We have a Car Order Book

presently operating at five points in Manitoba. I am reasonably well advised that if the Board of Grain Commissioners looked at them carefully the Board would be obliged to find them all in error.

Let us face it. If that is so, please do not assume and publicly state that the farmer has protection under the car order book section, because I submit that he has not.

It has also been said several times here, and it is said in some correspondence that we get from both railroads incidentally, that if they tried to do something with the cars, then the elevator companies would immediately put in a car order book. I refer you to one section of the Canada Grain Act, namely section 62 which has to do with the car order book section, which reads as follows:

62. (1) The railway agent at any shipping point shall, upon the request of any person or persons who have grown or who own any grain that he or they desire to ship, or upon the request of any person resident at such point who produces to and deposits with the railway agent written authority from any such person or persons authorizing him to act on his or their behalf, fill in (except as to signature) the group of three blank forms of application in the car order book which bear the lowest consecutive number, and, upon the signature of such forms of application by the person or persons aforesaid, shall detach two of the said forms so filled in from the said book, retaining and filing one thereof on a special file to be kept by him and delivering the other to the person or one of the persons by whom the said form has been signed.

I am going to ask you whether it is so that any one who does not own grain can put his name on the car order book? Only the owner or the producer is entitled to put his name on the car order book, and I submit to you, Mr. Chairman, that an elevator company does not today own wheat, oats, or barley. The wheat board owns it. If the elevator company does not own it, then the elevators company has no right under that section to put its name on the car order book. That may be a little confusing for you, Mr. Howe, but I am told that it is right. If it is right, I think there should be a regulation from the board which makes it clear that the elevator company has no right in respect to wheat, oats or barley, but does have the right with respect to flax and rye, which it does.

By Mr. Tucker:

Q. Your reason for saying that is because they are acting as an agent for the wheat board with respect to wheat, oats and barley.—A. It is stated that they do not own it. It is so stated in the operating agreement between the wheat board, and the elevator company: In the agreement provision is made whereby the elevator company may hypothecate grain which is owned by the wheat board to the banks for security. My only question is that if they do not own it, then they have no right to put their names on the car order book. We should have that question cleared up.

Mr. Brownlee quoted two points yesterday in his brief, if I may respectfully refer to them, in which he named the Manitoba pool elevators; the points were Dauphin and Grandview. He said that Dauphin got approximately fifty per cent of the cars up to April 30 of this year and I have no reason to think that is not correct. As it happens Dauphin has got somewhat more than 50 per cent of the business at that particular shipping point, and the only reason it has been able to get more business is that we spent \$97,000 there last year in building a great big elevator. We have three houses and a 100-thousand bushels annex besides.

By Mr. Castleden:

Q. Can you give us the percentages of space which you have as compared with those of the others?

A. No, I cannot. I know what ours is, but I do not know what the others are. At Grandview—and you will find if you examine Mr. Brownlee's figures, we have got about 58 per cent of the cars at the date he mentioned.

By Mr. Tucker:

Q. On page 14?

A. Yes, at the top of page 14, where it says:

....At Grandview three elevators out of six, and with three companies, the Manitoba pool loaded 135 out of 230,

which makes about 58 per cent, if my figures are correct, and I think proves Mr. Brownlee's point that the distribution was not made one car one elevator, which is a perfectly logical conclusion to draw from those figures. In Grandview, starting in 1949-50 our percentage was 66.4, and it goes down in the next year to 64.09. The next year it was 59.82, the following year, 57.56. And last year, after we built the new house, it was 62.16; and today it is 63 per cent. In other words, our percentage is in the neighbourhood of 65 per cent but it is only coming back there because we built a great big house with an annex. And our car percentage is much less than our patronage percentage.

I do not know what the answer is, but I repeat again with emphasis that I am not presuming to ask for any amendment because we have lost one per cent. That would be patently absurd. Please do not place me in that position. But in respect to Souris and a place like Grandview where the farmers have spent up to something like 97 thousand dollars, the individual farmer is entitled to some consideration in so far as it is practical under present existing conditions.

Mr. Brownlee was right yesterday in his contention that if you worded your case on what the pools asked for in that brochure, then some farmers who are members of the pool or who are members of the grain growers or patrons of federal would still not be able to deliver to their preferred elevator. But would be better than what we have got now. That is all I can say. I would be very glad to try to answer any questions which may be asked. I do not promise to have all the answers, Mr. Howe. I cannot write the Act, and you would not take it if I did. But I still think we might put some modification on the present section of the car order book which as written today under present conditions is no protection, in my opinion, and not of very much use. I do raise seriously the right of the elevator companies to use the car order book when the wheat, oats and barley are owned by the wheat board.

The CHAIRMAN: May I clear up one thing. You asked for a legal opinion on some point. Before I can get a legal opinion I will have to have a specific reference because you know how our friends the lawyers are, and unless we agree on the wording of the reference, there might be some dispute as to the decision rendered.

The WITNESS: The question is: who has the legal and proper right to make application for a car under the car order book section of the Canada Grain Act, section 62?

The CHAIRMAN: You said you had an opinion. It would be much simpler if you could give me the reference that you submitted to your counsel, leaving out the personal affiliation, and I could refer that same reference to the Department of Justice and get an opinion from them whether they agree with it, and then we would be sure of being on the same ground.

By Mr. Tucker:

Q. All we need is a simple question: "has the elevator company or the manager of the elevator company the right under section 62 (1) to make use of the car order book in respect to wheat, oats and barley bought under existing laws in western Canada."—A. I think that covers it.

The CHAIRMAN: You mean has the elevator company under section 62?

Mr. TUCKER: Subsection (1).

The CHAIRMAN: What about 3?

Mr. TUCKER: Under section 62.

The CHAIRMAN: "Has any elevator company under section 62 of the Canada Grain Act the right to place their name on a car order book"?

Rt. Hon. Mr. HOWE: The question should be, under the Canada Grain Act, have they that right?

The CHAIRMAN: "Under the Canada Grain Act, has an elevator company the right to place their name on the car order book"? Is that right?

The WITNESS: That is right.

Mr. TUCKER: In respect of wheat, oats and barley.

The WITNESS: Yes.

Mr. HARKNESS: In your opinion and that of your solicitor then, who has the right to place his name on the car order book? I take it from what you said the elevator has. The producer would not have the right because he has sold it to the Wheat Board and therefore the Wheat Board would be the people who have the only right.

The WITNESS: He is still the producer. It does not say producer and owner; it says producer or owner. If I am the producer of the grain I still insist I have the right. Or, the Wheat Board might take the right; they own it. That is a legal question.

Mr. TUCKER: I was looking at the actual section and I understand Mr. Brownlee's reference was to section 309, but all I can find in the Railway Act which seemed to refer to it was 319. It may be a misprint. That goes further than I really had realized that it did. It really seems to tie the railways down in this respect more than I realized that they had been tied down. When the suggestion is made that wheat for example at three elevator points would warrant the carrying out of that order of supplying cars in the ratio of 2, 3, and 1—to begin with the railways spot cars evenly until cars are supplied to the lowest allotments. Then it gives the rest to the one with the highest allotment. As I understood the pool they object to that because it means they are delayed in getting the cars for their proportionately larger share of the order and that something should be done to see that the railways allot cars to carry out orders on a more pro rata basis with respect to orders at that particular point. Mr. Brownlee's argument, as I understood it, was that the railway companies could not do that under the Railway Act. The section which seemed to cover it was section 1393 which does seem to be very strict in that respect. It says:

No company shall

(a) make or give any undue or unreasonable preference or advantage to, or in favour of any particular person or company, or any particular description of traffic, in any respect whatsoever;

(b) by any unreasonable delay or otherwise howsoever, make any difference in treatment in the receiving, loading, forwarding, unloading or delivery of the goods of a similar character in favour of or against any particular person or company;

(c) subject any particular person, or company, or any particular description of traffic, to any undue, or unreasonable prejudice or disadvantage, in any respect whatsoever; or

(d) so distribute or allot its freight cars as to discriminate unjustly against any locality or industry, or against any traffic that may originate on its railway destined to a point on another railway in Canada with which it connects.

The one there which does seem to militate against the pool's argument would be subsection (c) where it says:

No company shall subject any particular person or company, or any particular description of traffic, to any undue, or unreasonable prejudice or disadvantage

Now it says: "undue or unreasonable prejudice or disadvantage". It might be argued if they have three times as large an order that they should get three times the number of box cars. It might be that the Railway Act has already provided for that situation. As I understand it, the railways have been telling you that under the Railway Act they have no right to take into account whether one company has a larger order from the Wheat Board than another company?

The WITNESS: No. There is nothing in these letters from the railway to indicate they are hiding behind the Railway Act but rather solely behind the car order book. They interpret the Act to mean each company is entitled to an equal number of applications on the car order book and consequently they should be entitled to the same or an equal number of cars. That is exactly where they have stayed all the time. They have not followed that and used it at all places, but only at certain specific places. I think that the railways are in a very embarrassing position. They have expressed themselves quite frankly. I think this is true, that they are very happy to follow out either a mutual arrangement between companies or any direct order or recommendation from the Wheat Board or from the Transport Controller. But when there is no mutual agreement they stay with the car order book section which they assume to mean equal number.

Mr. TUCKER: Do you think it would be feasible for the Board of Transport Commissioners to indicate to the railway companies that they might have regard to the shipping orders given at any particular point to the various companies there in allocating the box cars? Would that have a bad effect, or would it have any actual effect whatever if there was some intimation like that from the Transport Controller without a whole lot of policing?

The WITNESS: It would work in some specific instances. I know instances where we have a greater number of orders at a particular point than the opposition, but we get an equal number of cars until the opposition run out of an order at that point.

Mr. TUCKER: Do you think that if the railways had something like that they would loyally try to pay some attention to it?

The WITNESS: I think that the despatcher would try to carry it out. But do not think that the train people always do what the despatcher says.

By Mr. Castleden:

Q. Would it not be that the crew would carry out the orders of the despatcher?—A. Perhaps I should not have put it quite that way. You all know that they do not always follow it out according to Hoyle. What do you do with an employee if he does something different from what you told him? You do not always fire him.

Q. It is a place where the rights of the individual farmer and the rights of the companies are involved and would this lead to discrimination which they are not supposed to practise under the operation of the Railway Act?—A. I do not think, to be fair to the railway employees, that that is at all prevalent. It happens at some points, but generally speaking I would say that the rule is followed out. Just to show the absurd position where this thing comes to we had a point last year, incidentally on the C.P.R., where there were two elevators ours and one other; they ordered in five cars on shipping orders. The railway agent spotted two each and sent the other one on to the next point because he could not split a car. That is one example of how a railway agent may be badly confused. I say the railways are placed in an unfair position and are behind the eight ball because of the confusion in the car order book. I am not critical of the railways or of the board; it is confusion in the Act because it is inoperative and impractical under present conditions.

Q. I think we appreciate that.

By Mr. Studer:

Q. Did I understand Mr. Parker to say, where agreement was reached at local points where the car order book would be operative the situation was reasonably well taken care of, but at those other points where there was no agreement that the method was one car per elevator?—A. That is not exactly right. I said where there is a mutual agreement it is satisfactory; the railways will accept that.

Q. What do you mean, mutual agreement?—A. The companies at the point agree between themselves what is a satisfactory division.

Q. How many points would there be like that?—A. I do not know of any in Manitoba now. We had a few two years ago, but they are all washed up. There has been no disposition on the part of companies to make any mutual agreements since the railways made known their interpretation, namely that the intent of the car order book prevailed, even if the car order book was not being used.

Q. So, the general rule is, you would say, in spite of the evidence yesterday in regard to this statement of the Saskatchewan Wheat Pool or of the pools elsewhere, that this puts the farmer back where he was? There was some evidence yesterday that that might not under certain circumstances have been exactly correct. You state that it is correct; that it is one car per elevator?—A. No, no—please. I did not say that exactly. I said, and I read into the record what is written by the vice president of the western division, C.P.R. now confirmed by the present President, and it says "When there is no car order book being used at the point and when there is no existing mutual agreement between companies there, the policy is to distribute cars equally." Then I qualified that by saying they do not enforce it and many of their agents have considerable leeway. But, we have specific points where pressure has been brought to bear and they tell us quite frankly they have been told to do it that way. I am not saying they all do it.

Q. You would say that wherever a situation exists that it is practicable that the railway companies supply at the local point one car per elevator that there would be discrimination there unless every elevator had equal capacity?—A. Yes.

Q. I do not see how they can get away from a charge of discrimination if one elevator is of 35 per cent capacity and another one is of 50,000 and another one with annexes and a capacity of 80,000? How could it be anything except discrimination under those circumstances? Why would there not be any merit in having cars allocated according to space and whichever elevator had the space would be the one one would think had invested the most money at that

point and had the best right to move grain. It would at least get away from discrimination of one car per elevator regardless of size or capacity. The reason that a company would build additional storage space at a point is they have people there whom they think would like to deliver grain to them and as a result of that it would be an indication of what the local people think. If two cars could be supplied to an elevator at a point that had a 70,000 bushel capacity and one car at an elevator at the same point with the capacity of 35,000 bushels, that would get away from discrimination at that point.—A. I must disagree with your thesis. I submit that the capacity should have nothing to do with car distribution. The fundamental problem here is in what degree can you recognize the farmer's desire because he pays the freight. I do not subscribe to the theory that because we have twice the space we are entitled to twice the cars. Let us go back to Souris. It has gone down to 40 per cent last year. Other people have more space. That is the way the railway happened to distribute the cars. We could not push cars in there that the Wheat Board would not authorize. That local Board of Directors came in last winter to see the C.P.R. people in Winnipeg. They had a very amicable discussion—sorry we cannot do it because of the car order book section. They came in three weeks ago and said, "You open negotiations with one of the other companies and try to buy them out; if you do not we will ask you to build a new elevator at a cost of approximately \$60,000." Why should they undertake to spend \$60,000 to build a new elevator which they have no need of? Capacity over and above the working house of a 35,000 or 40,000 bushel elevator is dead space. The only reason any elevator would build a larger elevator would be to permit the farmer to make a larger delivery to get more money. We had only one thought in building space and we could wash that all out if the farmer could store his stuff at home and get his money.

Let us go back to the fundamentals. The only arguable point is to what degree we recognize what the farmer wants. I think there is surely some solution to the problem.

Q. Here we have established what is for the farmers a selling agency for his grain through the Wheat Board. Now, we are trying to follow the original policy of allowing him to sell his grain to an elevator agency of his choice through a handling agency of his choice. It appears that those two systems are somewhat in conflict, for by granting the one you may add to the difficulties of the other. We are asked here, it seems to me, as members of parliament, to not only guarantee the farmer that he can be guaranteed a selling agency of his choice through the Wheat Board but at the same time guarantee him use of the handling facilities of his own choice through his local elevator at the district point. If the two are in conflict, or that by granting one of them you are hindering the operation of the other, what position are we in as members of parliament? If I had to make a choice I would have to guarantee that farmer the selling agency of his choice, but at the expense of the inability to patronize the handling agency of his choice. I think that would be the essential thing I would have to guarantee him, irrespective of finding ways and means of assuring him of the elevator of his choice.

I do not know why we should not ask the farmer, through his grain handling organizations, and through that in turn to his solicitor, to offer us a reasonable proposition here which we could make a decision upon. There has not been anything presented to us yet which is not in conflict with either the Canada Grain Act or in conflict with the situation back at the local point where he will have more difficulty than he has now in being able to deliver to the elevator of his own choice. Why is it that we are being asked to devise this system for him when he has his own agencies to do it? I think that the

farmers of western Canada with their handling organizations are not being asked too much if we ask them to present to us a workable plan. They should decide themselves and be assured themselves it is a workable plan before they ask us to bring it into legislation. I think that during these past two years here we have been spending a lot of time at this. As I suggested the other day, if they have any solicitors worth their salt representing these farm organizations lock them up and do not let them out until they have presented something here which they can not only agree on but which will carry the responsibility of any proposal made here before this agricultural committee if it is enacted into legislation. If it is not workable and creates more confusion than we have already, we will be the ones to blame. I would also suggest that those farm organizations use a little care with respect to whom they bring before this House of Commons Committee if they do.

By Mr. Pommer:

Q. I believe Mr. Parker said there were five points in Manitoba where the car order book was operative at the present time. That is out of how many points in Manitoba?—A. 211 of ours. We have it at 5 out of 211. But 74 of our points are non-competitive so in the remainder we have five where the local is trying to operate the car order book, not particularly with our blessing. We have grave doubts if it is legal. Souris is one of them incidentally.

Q. This is apparently not giving the producer protection at the other points under the sections of the car order book under the Canada Grain Act. From the few complaints I have, that was the point they raised and I was not sure at that time at how many points it was operative. I wonder if Mr. Parker thought that the Manitoba Pool is getting a fair share of box-cars distributed by the Wheat Board?—A. That is a \$64 question. If I say yes the Wheat Board will think I am satisfied and if I say no they will say that I am very critical. All I can say is we are getting lesser percentage of the box-cars up until May 18 this year than the percentage we enjoyed last year or had enjoyed up until the same date.

Q. You stated I believe the method used in distributing your portion of the box-cars. Is it a fair distribution in your opinion? Some of the pool elevators in my area feel they have not had sufficient box-cars. Is the Wheat Board responsible for that or is the pool not making a fair distribution in the opinion of some of the pool members?—A. You will always have that opinion, depending on what kind of grain they have. They do not know the whole picture. We accept the fact that the board is ordering out the kind of grain which is required, so we cannot ship other kinds of grain. If that elevator happens to have a preponderance of grain which is not required today, they will not, obviously, get cars. It is awfully hard to explain that to all the farmers. I can understand their complaints, but there is a reasonable answer. I am not critical of any one in the distribution of box-cars on the divisions or at points, but I am just asking for some consideration of the fact that some of our members feel that they should have more cars at their own elevator because they know more grain would go there if they had the opportunity.

Mr. Studer, I do not know whether you are asking me a question.

MR. STUDER: I was just telling you what I think about it.

The WITNESS: We have not asked anybody to introduce any Act or anything except the minister.

Right Hon. Mr. HOWE: You have asked me to introduce certain principles.

The WITNESS: We have so much respect for you and the Department of Justice that we thought you could word a much better Act than we could.

But, I took some responsibility in the Manitoba Pool because we were getting complaints from some associations, very violent ones, but perhaps less than in other provinces. However, there were certain points—I named one or two of them—where they feel they were discriminated against. We said, "You do a survey at those points," and I laid down the condition that no employee will take any part in the survey; field men were instructed very definitely to stay out of it. To satisfy ourselves that there was a lot of dissatisfaction at the points we said "get out and canvass your own members, the people who had been delivering to your elevator when they had the opportunity." This is addressed to the station agent at the particular shipping point; it names the elevator.

Station.....

Date.....

To: The Station Agent,

Canadian.....Railways,

.....Manitoba

Dear Sir:

Kindly note that I am a member of the.....Co-operative Elevator Association, and wish to deliver my grain to the Association elevator.

I, therefore, expressly request that until further notice any boxcars which may be provided at.....for the shipment of grain delivered by me be spotted at the Pool Elevator.

My 1954-55 Wheat Board Permit No. is..... and in 1954-55

I have cultivated acres.

signed

.....

.....

Witness.....

We did this at eight points on the C.P.R. and at eight points on the C.N.R. which were competitive points and in all instances they came forward with a bigger percentage of acreage than we were getting delivery of grain. Once you start circulating petitions how much pressure is brought to bear, I do not know. We did, however, tell the farmers to do it themselves. Acreage does not determine the volume of grain which would be available for shipment. We tell them that both as to the actual acreage and as to whether or not the man is feeding or delivering his production. This is only a guide, but perhaps on the average it is all right. We know the total acreage on the permit books at a particular point. We thought that that would be some help to the railways and that was when we started this controversy with the C.P.R. and the C.N.R.

We think that is a reasonable presentation of the farmer's wishes. I am willing to concede we would adjust those percentages in the interest of a practical solution.

Yesterday, at the top of page six, Mr. Brownlee says:

Since the Wheat Board was established and the permit book has come into use, he has indicated his choice by selecting the elevator at

which he would take out his permit book. In normal times that is the easiest and most convenient form of exercise of his right which could be devised. The farmer knows where he wants to deliver his grain and simply goes to that elevator to take out his permit book.

I will agree with the president of the United Grain Growers that the Wheat Board is the supreme authority under the present legislation. I will be glad to go with Mr. Brownlee to the Wheat Board and ask them to recommend they extend that principle at the shipping points. I think Mr. Brownlee is right, generally speaking, that the grower has indicated his choice when he has gone in and taken out the permit book.

By Mr. McCullough:

Q. Mr. Parker, I think it is true to say you predicate your argument for a change in the allocation of boxcars principally on the right of the farmer delivering grain to the elevator of his own choice. In respect to the operation of your company to what degree have you been financially successful in the farmer owned cooperative in Manitoba, namely the Manitoba Pool, in building farmer owned elevator systems, and to what extent have you been able to pay back in patronage dividends to the farmers money for grain delivered to your elevator system. That is one question and I have another question. Could you explain any difference between the operation of your company as a cooperative and the United Grain Growers from the producer's point of view?—A. The first is as to the financial success. I told you that the actual cost of the facilities as of July 31 is around \$12,000,000 in round figures. The only outstanding debt on capital for the company is \$1,900,000 in round figures, which is the unsecured debentures owned and held by the farmers themselves; they are not callable but we are setting up the sinking fund of \$125,000 a year. What has been the patronage dividend? In round figures it is about 18 million dollars paid in cash up until the end of December 1954.

Q. Would you be good enough and would you be able to put on the record the yearly patronage dividends that your company has paid?—A. Yes.

Q. And have you any comparable figures or perhaps any dividends paid to producers either from line elevators or the United Grain Growers?—A. No. Do you want me to put our figures on the record?

Q. Yes.—A. I will give these to you by years. This is paid in cash.

<i>Crop Year</i>	<i>Paid in Cash</i>
1953-54	\$1,534,926
1952-53	1,795,075
1951-52	2,110,152
1950-51	1,200,613
1949-50	1,487,417
1948-49	1,165,581
1947-48	1,450,641
1946-47	3,475,896
1945-46	455,710
1944-45	819,061
1943-44	516,702
1942-43	492,126
1941-42	256,722
1940-41	79,799
1939-40	201,182
1927-39 incl.....	867,969
	<hr/>
	\$17,909,572

The other question is what is the difference between our set-up and the United Grain Growers. In our set-up in Manitoba there are 211 locally incorporated associations under the Manitoba statutes. They are federated, voluntarily federated, for accounting and management purposes, and the operation of the terminals. We do the accounting for the individual unit. The success of the unit depends first on the patronage which may be given to it and secondly on the general supervision which the local board may give and the type of management. Although we may have one and a half million patronage dividends, one association may get up to 4 or 5 cents a bushel and another association as little as $\frac{1}{4}$ of a cent or nothing. We have had certain ones in certain years in the red. Ours is on the local unit basis and the other pools or U.G.G. are on a flat rate across the board.

Mr. GOUR: I have been 10 years in the House, 14 sessions, and I have seen clever business people try to get business. But politics comes into the picture. Men talk about the farmers getting the delivery of their grain to the elevator of their choice; they blame the government because farmers cannot get their grain delivered where they wish. I do not see the use of having a lawyer come here because we are intelligent people. But each group of elevators wants more business. If we get lawyers each one will bring his own lawyer to defend his case and we will sit here for three years.

By Mr. Dinsdale:

Q. Chairman, I am interested in the local surveys at these sample points. Has there been any attempt to allocate boxcars on the results of the surveys, either by the pools or by referring the results of the surveys to the railways?—A. There has been an attempt because the evidence revealed in the survey has been made, by the local board either in person or through registered mail, and we found it was necessary in one case to register it in order to get an answer to it. It went to the local railway agent at the point, and in turn he sent it to the head office at Winnipeg and it finally arrived at Montreal. The local has attempted to persuade the railway agent to do it in that way. The result has been quite negative.

Q. Any information I get from the prairies is merely hearsay, but I did have some information that it has been a success in certain instances.—A. I think that the local railway agents living in the community were quite aware of the feeling even before they had the evidence placed before them. Many railway agents are disposed to try to recognize the farmer's wishes. If he is left alone generally he will try to do it. If the opposition puts on pressure the poor little fellow is confused. If he asks for a ruling he would get what I quoted this morning. I say again that only at specific places have they stood on the one car one elevator, which proves my point that the railways may exercise considerable discretion. Sure, at some places we are getting 60 to 70 per cent of the cars over another company, whereas at another place it would be one car one elevator.

Q. Under any system of allocation do the various companies concerned make a definite attempt to distribute the box-cars more equitably? I took it from your statement that that is not the case in Manitoba?—A. All I said this morning was that under the present allocation of shipping orders there is no evidence that the Wheat Board has any more sympathy for the Manitoba Wheat Pool than they had last year or the year before. I take it that they think we have enough business. I do not have any idea what their formula is. Our percentage of cars up until May 18, was less than the percentage of deliveries during the same period.

Q. You do not try to allocate the cars to various points?—A. Yes, we do always. If I were under oath I would have to tell you, Mr. Dinsdale, that the

human element enters in here and that the disposition on the part of the divisional superintendent who is responsible for the disposition of cars is to try to take care of the competitive points first. He does not like it and he is embarrassed about it.

Q. Pursuing the problem at Souris a little further.—A. That is your point.

Q. Yes. Yesterday the point was made that higher percentage handlings might decrease because of the enormous quantities of grain available, whereas the over-all handlings might have gone up. Have you any information as to Souris in respect to the actual quantity of grain handled rather than the percentage of handlings?—A. I did have the total quantities at a shipping point but I gave them to somebody and I do not have them here.

Q. There has been considerable activity in my area, from such points as Killarney, Boissevain, Deloraine, and Souris, as to cars being distributed geographically. Is there any reason why they should be affected more than any other section of the province?—A. No, except that they would be more concerned. I think Mr. Milner will agree with me that those C.P.R. lines have much more grain to move than the C.N.R. in southern Manitoba.

Q. Another point was made that this is an emergency situation and that it is due to a great congestion. Now, in Manitoba we have not had the same problem of congestion as in Saskatchewan, but there is a very similar difficulty. Do you feel that the problem of congestion, particularly in Manitoba, is a temporary problem, or does it result from technique of harvesting and so forth?—A. It is both, Mr. Dinsdale. Last year I think I said something to the effect that I thought it may be temporary. If we knew that it was temporary there would be no reason for doing anything. But I am not as optimistic about the general wheat picture as perhaps Mr. Wesson was and I think we will have a continuing congestion in prospect for some period of time. I am not at all pessimistic as to the prospects of the volume of crops this year, perhaps I am about the quality, but not as to the volume. The congestion is going to be longer in duration than I thought a year ago. The present technique of handling, harvesting, and the advent of combines and good roads has certainly changed the picture and we will always have congestion for periods of longer or shorter duration in the autumn and we will have these conditions during that period at all times.

Q. It might be that some fundamental re-thinking has to be done?—A. The car order book section as written today, is inoperative under the conditions under which we operate. The actual language of it will not work under present conditions. It has nothing to do with the Wheat Board at all.

By Rt. Hon. Mr. Howe:

Q. I take it that you would like us to revise our legislation?—A. I would like you to revise that particular section in order to clarify that section of the car order book which seems to be the general stumbling point. The railways should understand that they are not bound to the equal number of cars.

Q. We have legal opinions that they are not.—A. Then they ought to be told because they feel that they are bound.

Q. They have been told that they are not bound by it. You mentioned that you would particularly urge that the farmer deliver to the elevator of his choice. The first thing he wants is to deliver his grain and get payments, and then he must deliver it in a way which will permit it to be sold at the highest price. A new system would have to be better than the present system and would have to be generally acceptable to the trade. We have had only one bill presented to us, which was by Mr. Argue, and I have had a great time pointing out the weaknesses in that bill. Can we not get another bill to poke at? We cannot draft it. It must be workable. In other words there

must be restrictions in the bill and if they are not carried out there must be regulations under which we can punish someone. Legislation that is not enforceable is not good legislation. We cannot draft that bill; no one in my department can draft it. Perhaps someone is able to draft it. If no one can draft it then we should not be talking about it. Let us see a bill. This committee in their wisdom decides we should do certain things. We cannot do them. We have had all the information placed here before and have had people working at it and there is not an expert in the position to say; here is a bill which can be drafted to do what you would like to do and still be an enforceable bill. Do you know of anybody who can draft that bill?—A. You are asking us to draft a bill acceptable to the government?

Q. Give us a bill; let us discuss a bill here.—A. I will say this, that any change in the legislation will have to be directed at that particular section of the car order book. We cannot agree that any other system proposed in new legislation can be complementary to the car order book section as presently written. What Mr. Wesson suggests and what is in the car order book won't work. I say that that is the section which provides, in large measure, the stumbling block because the railways have stuck on that one thing to a considerable degree. I am not a lawyer.

Mr. MANG: Hire one.

The WITNESS: All right. I am quite willing to draft something and bring it to you for your consideration. But I think we must recognize that the car order book section as presently written is the one which will have to be modified. Anything which we suggest will not interfere with the Wheat Board. They must move the kind of grain that is wanted and anything we are suggesting will not interfere with the deliveries by farmers, or Wheat Board shipments.

Mr. WESELAK: It has been said in this committee that the car order book is the answer. You have pointed out that there are only five points where the car order book is operating. Will you tell me why it is not operating?

The CHAIRMAN: Please do not speak so fast and speak a little louder.

The WITNESS: Mr. Weselak's question is that he said we only had five points in Manitoba where the car order book is operative today. That is at Manitoba Pool points—there may be others. He asked why there are not more. In 1946 or 1947—I have forgotten the date—we had I suppose 40 or 50 points, and I remember making impassioned speeches saying that the farmer had all the rights necessary under the car order book section if he would get out and use it. And I believed it. But I have said now that under these conditions today it will not work. Our experience has proven that it is not the answer to this question, so we have abandoned it, Mr. Weselak; but if a local feels that they want to put it in, or an individual farmer, that is perfectly all right; they can try it out. However, that is the reason for the general abandonment of it officially. It will not work under present conditions. You see, the individual, by regulation, must deliver his carload or his share before he sells to the elevator. He cannot sell one load today and another tomorrow and make it up in that way. If it takes six farmers to make up a carload under the present quota and each had one car load to deliver, then each would have to enter his name six times to make use of the book. It is so cumbersome; and I am of the opinion that in many cases the general provisions are being violated in some degree, and I do not think that that should go too far or it breaks down faith in our legislation.

By Mr. Weselak:

Q. The car order book is still available?—A. Oh, yes.

Q. In reply to Mr. Studer's remarks you said that space would not be an equitable factor in determining the allocation of cars. Do you think that a system of allocation at the points could be based on a periodic check of deliveries of certain types of grain to each elevator at the point on a weekly basis or a monthly basis or something?—A. Yes, but who would make the periodic check? You are into something so cumbersome. I do not think so.

Q. Then I have one other brief question. Earlier, before this committee, Mr. Wesson stated that the diversion charges are not costing the farmer anything, but I notice that the money was all being paid to the Saskatchewan Pool. Have you any comment on that?

The CHAIRMAN: No comment.

The WITNESS: What is your question?

By Mr. Weselak:

Q. Do you agree with him? He used that as a defence of the diversion charges in one respect. Do you agree with it?—A. The diversion charges at Vancouver, Prince Rupert, the mills, the interior terminals at the lakehead, have not cost the farmer anything. It just depends how you interpret Mr. Wesson's remarks when you come to Churchill, because the Wheat Board is paying the diversion charges there, and certainly to that degree it lessens the final payment. The point that Mr. Wesson made was that the storage rate obtainable by the board at Churchill was so much less than anywhere else that the combined rate was still less than the storage rate elsewhere, so on that line of reasoning it is not costing him anything.

The CHAIRMAN: May I ask the members at this stage to try to condense their questions and maybe use a little rationing in order that we may get through.

Mr. TUCKER: I have one question which I want to ask.

The CHAIRMAN: I have two names on the list. Do you want to follow Mr. Howe? Then we will dispose of those two.

By Mr. Castleden:

Q. I think my questions can be shortened. Mr. Parker, you stated that you sometimes had shipping orders from the Wheat Board and that when you got cars you found that those cars were not allocated to your particular elevator at that point, but they were distributed. If four cars went, and they were distributed among the elevators, would it help the situation any if you could be assured that any shipping order guaranteed that the railway company would be definitely instructed to spot those cars at your elevator at that point?—A. They do, Mr. Castleden. If we have a shipping order and we make an allocation to the particular point which is ultimately confirmed by the Wheat Board, the railway ultimately spots those cars at the point. The point I made was that other companies at that same point will also have shipping orders if they have that kind of grain, and if there are two companies there and the railway puts in four cars, they will give two to the opposition and two to the pool, as a general rule, and that will go on, as Mr. Tucker pointed out, until one company or the other runs out of shipping orders allocated to that point. If the Federal had ten cars confirmed to that point and the pool had six, they would put in equal numbers to each until we ran out, and then the Federal would catch up. My point is that in the beginning Federal should get its proportionate share in the first cycle. The first time they put cars in they should give the Federal more than the pool, because you are creating space into which the farmer delivers.

The CHAIRMAN: Is that all?

By Mr. Castleden:

Q. No, I have another question. Have you had cases of long delays in getting cars after you had shipping orders confirmed?—A. Yes.

Q. What length of time?—A. It may be several months, but that depends again what kind of grain it is. It depends how urgent the requirement is for the kind of grain the board is asking to move out. We might have permission to ship special bin barley which has been accepted by a maltster, but that does not mean we are going to get a car next week. It may be two or three months before we get it. In fact they are sometimes delayed a long time, because there are other grains that have priority of shipment.

Q. Now with regard to the matter of competition. This is due largely perhaps I think to a state of congestion, but does the allocation of these shipping orders and the distribution of box-cars practically prohibit competition in the local market? Are you able to expand or is competition eliminated?—A. That is a two-edged question, you know. Competition is not entirely eliminated but to a certain degree it is modified. We have actually expanded our percentage of deliveries at certain points under the present conditions, in many instances, because we built two bushels of space compared to one bushel the others built. In some instances, Mr. Castleden, it is because the railway agent has been more sympathetic to the wishes of the community in which he lives. Again it is up to the discretion of the local railway agent if he is not told by the railway company what to do.

Q. The local railway agent can affect the amount of business you get at a point?—A. He can very decidedly affect it, unless the chief dispatcher or the vice-president in Winnipeg tells him to change his policy.

By Mr. Charlton:

Q. I take it, Mr. Parker, that with regard to these two questions that you asked to have Justice decide this morning, and as to one of which Mr. Howe said that the railways have been told that they have a certain amount of discretion and that they are not bound to deliver an equal number of cars to each elevator at a point, Mr. Howe's reply would be the answer to one of your criticisms, if the railway companies will take the decision which the government apparently has handed them.—A. But I suggest to you that the C.P.R. is not, because this letter of Mr. Crump's is dated May 18. It is dated just about a week ago. It may be he has not caught up to Mr. Howe yet.

Q. But apparently Mr. Howe's statement to you is that they have been told on various occasions, but they are not paying too much attention to it. However, if that discretion were granted to the railways, and the fact was that the elevator companies did not have the privilege of entering your name on the car order book, in your opinion, if those two things were cleared up, would that help you?—A. Yes.

Q. Then I take it that one of them should be cleared up immediately, and that is that the railways should listen to the government. The other one I would think could be cleared up too, and that would get away from a lot of your criticism of the car order book section now as it exists at the moment.—A. My answer to that would be yes.

Q. Would it alleviate the necessity of changing that section? Do you think it would help sufficiently to alleviate the necessity of changing that section?—A. Yes, I am inclined to think it would.

Q. It would be a start anyway?—A. Yes. That is a provisional answer, but I think that would be very helpful.

Q. The other question was this: you have sufficient confidence apparently as shown by the building of new elevator space, that you are making sufficient money for your growers to warrant the building of that extra elevator space?—A. Yes.

Q. I do not want to go further with this question of feed screenings than is necessary, but I do want to ask you one thing. You have apparently suggested the change yourself in that 35 per cent of those feed screenings should be cracked grain. Itake it from your statement this morning that you were the ones who suggested it?—A. No, we did not suggest it; we concurred absolutely.

Q. You concurred in it but you did not make the suggestion?—A. No. I did not know anything about it until I came down here the day before yesterday.

Q. Do you not think it would be a fair change in the regulations?—A. Certainly. I agree without reservation.

By Mr. Tucker:

Q. Mr. Parker, I would just like to ask you to comment on this situation: under the Canadian Wheat Board Act it provides, in section 20,

The board may, notwithstanding anything in the Canada Grain Act, but subject to directions, if any, contained in any order of the Governor in Council, by order.....

(k) provide for the allocation of railway cars available for the shipment of grain at any delivery point, other than cars placed pursuant to a car order book, to any elevator, loading platform or person at such delivery point.

Now under the amendment to the Department of Transport Act passed last year the transport controller has the right to suspend the operation of the car order book to any extent that he deems necessary, and has done so to make way for the Wheat Board to operate fully under this section. In other words, this section gives the Wheat Board complete and absolute power to allocate cars. Now I was under the impression that as regards orders of the Wheat Board, the cars would follow the orders ultimately, but the objection is made that although the orders were on the basis of two to one in one section, until the small order was used up, they allocated on the basis of a car to an elevator.—A. That is correct.

It seems to me that all that is necessary is for the Wheat Board to follow through with its orders with a direction that cars are to be allocated from the start proportionately to the orders that they give. The railroads by law must obey the orders of the Wheat Board. The law is completely adequate to deal with the point. It is in the hands of the Wheat Board, which is where it should be, because they are marketing the grain. Now the thing I do not understand, and you can comment on it, is this: the Wheat Board is the body that is given the power to handle this thing by law, and by the fact that they are marketing the grain, and there is no use shipping grain to them unless they can sell it. In fact, they should have the power. What I do not understand is this: the Wheat Board has power to remedy this situation, and they tell us that they had no complaints from the pools and as far as they knew the pools were satisfied. You have said you are ready to go to the Wheat Board and ask them to do something to make this right. What I do not understand is why in the world you have not gone to the Wheat Board long ago and asked for this and intimated to them that you were not satisfied, and asked them to do something about it instead of going after the railway companies as you have done in this brochure, and going after the government and after members of parliament. Why has not something been taken up with the Wheat Board? I asked Mr. McIvor, "Have you had any complaints from the wheat pools?" And he said no. Then on top of that we had it expressed over and over again that there was complete confidence in all the work done by the Wheat Board—that was expressed by everybody.

Here is the thing that they have power to do and apparently you say it has not been done, so what I do not understand, and I wish you would comment on it, is why has this not been taken up with the Wheat Board?—A. I think the answer is, Mr. Tucker, a very simple one. I am quite aware that the Wheat Board has the power to allocate the cars at the particular shipping points if they wish to exercise it, but I have personally taken the position that it puts the Wheat Board as a marketing agency in a rather embarrassing position. They can immediately be accused of discrimination as between companies, and, remember, the Wheat Board must work in the utmost harmony with the elevators because they want our—and I include everybody—co-operation. I think the Wheat Board has got one of the heaviest responsibilities of any group of men in Canada. I think you will all agree with that.

Q. There is a difference, Mr. Parker, in the question of discrimination, between them giving the Saskatchewan Wheat Pool let us say twice the orders of some other company, and going a bit further and saying: "Now in the allocation of cars at any shipping point the railways shall bear in mind the relative size of the orders"?—A. I will agree with that. That would not be any discrimination at all.

Q. Why has not the Wheat Board been asked to do that?—A. Your question to Mr. McIvor I would assume referred to last year's report. I can remember before last year discussing the matter with the Wheat Board, so his answer was perfectly truthful, but it did not include the time element.

Q. It seems to me, Mr. Parker, that it is admitted by everybody that the Wheat Board must control the orders given to the various companies, and the various companies themselves distribute the orders, but the difficulty is that the railway companies have not tended to take into account the relative size of the orders at any particular point?—A. That is correct.

Q. All that is necessary now is for the Wheat Board to instruct the railway companies to take into account the relative size of the orders given at the points. If the Wheat Board gives those orders under this section the railroads must obey them, and a complaint can be made at once if they do not. That would be a question of checking up as a matter of course. Now it seems to me that it is a matter of the Wheat Board having full power to do it and they are the ones who should have the power to do it, and it is simply a matter of just following through their right of allocating orders to see that the railway companies have regard to that in supplying cars.

The CHAIRMAN: But I think there is one difficulty there. The Wheat Board does not allocate orders at the individual points.

Mr. TUCKER: No, but it allocates the orders to the various companies and then it can go on to say to the railroads: when you get the orders from these various companies at any particular point you must have regard in allocating cars to the relative size of those orders.

The CHAIRMAN: I know, but that does not get you to the individual point.

Mr. TUCKER: Yes it does, and the railroads are getting the direction that they should be getting and that they say they want.

The WITNESS: I think, Mr. Tucker, that that is a constructive suggestion. The Wheat Board could not be accused of any more discrimination than it is presently being accused of, but I repeat that you will have to clear up the car order book section, because of what Mr. Crump said as late as just ten days ago. You will have to clear up that section.

Q. But I point out to you, Mr. Parker, that under the Transport Act passed last year the transport controller has the right to suspend the car order book and has done so to the extent of saying that Wheat Board orders shall have

right of way over the car order book. Therefore as the position stands today the car order book does not stand in the way, and it is being done. I think I am stating the thing correctly.

Mr. WESELAK: If I may just take a moment—this will not take more than a moment—section 68 of the Canada Grain Act says this:

Except as hereinafter provided each car available for the shipment of grain at any shipping point for which a car order book has been issued shall, having regard to its capacity, be placed by the railway agent in accordance with the outstanding unfulfilled application recorded in such car order book which bears the lowest consecutive number.

(2) Where the board is of opinion, by reason of special circumstances to be recorded by it, that the placing of cars as aforesaid would operate inequitably—

That is under the car order book.

—at any specified shipping point, or would prevent the immediate shipment therefrom of seed grain or of grain that has become or is in danger of becoming out of condition, it may direct the placing of cars at such point otherwise than as aforesaid but without discrimination, and in any such case the directions of the board shall be complied with by the railway agent.

So that when you make the return of your allocation to the Wheat Board, you could very well make a similar return to the Board of Grain Commissioners who would have authority here to allocate cars.

By Mr. Gour (Russell):

Q. I have a question for the witness. If I understood Mr. Parker correctly he answered that when they had so many cars and the Wheat Board allocated let us say ten or twenty cars the company would send them to the point where there is more competition. Did I understand aright or not?—A. If I answer that yes I am really in a hole, am I not? What I said, sir, was, in answer to Mr. Dinsdale, that in his practical application of that policy the agent is expected to be equitable without discrimination between points, but I recognize that with the competitive element that is inherent in human nature, the management, even down at the sergeant's mess level, has got some thought of holding business or gaining business, and I am not saying that he does not sometimes err a little bit on the side of favouring the competitive point.

Mr. GOUR: That is exactly the point I was making before. That is where I think the farmer tends to deliver his grain to the elevator where there is more competition. They are competent and clever business people, and they try to get all the business possible. These people ship their grain where there is more competition. Take the case of a farmer in a certain place where there is no competition at the elevator. The company sends cars where there is competition; they do not send the car to the elevator which is filled up already and cannot deliver.

The CHAIRMAN: May I thank the witness now? We will proceed with the next witness this afternoon at 3.30, possibly in room 497.

Mr. HARKNESS: The agricultural estimates are on this afternoon I believe, Mr. Chairman.

The CHAIRMAN: I appreciate that, and I apologize.

Mr. HARKNESS: I thought we had an understanding when this started that when anything of that nature was on we would not hold committee meetings.

The CHAIRMAN: That is true, and it was everyone's intention to comply with that, but I did not think that we would go on this afternoon and I do not think anybody else did. In fairness we could not very well postpone the next meeting until next week and hold the witnesses here over the week-end just for one meeting.

Mr. BRYCE: There is only one more witness, is there?

The CHAIRMAN: There is only one more witness, and we will adjourn after we finish with the witness so that you can get back to the House.

Mr. HARKNESS: What witness is left?

The CHAIRMAN: The witness from the Alberta Wheat Pool.

Mr. TUCKER: Are you going to thank the witness, because I think he deserves it?

The CHAIRMAN: Yes, I do thank the witness.

AFTERNOON SESSION

FRIDAY, June 3, 1955.
3.30 p.m.

The CHAIRMAN: Gentlemen, I see a quorum. We have Mr. Plumer, from the Alberta Wheat Pool, with us this morning and I will call on Mr. Plumer now.

Mr. Ben S. Plumer, Chairman of the Board of Directors, Alberta Wheat Pool, called:

The WITNESS: Mr. Chairman and gentlemen, I am very glad to be here, but I know that I am taking time that you men, perhaps, feel you are losing from your business in the House of Commons. I am going to try to be as brief as I can and still give you the picture I have been instructed to present to you. The only reason I am here, and the only excuse I have for being here, is that I have been directed by the Alberta Wheat Pool to cooperate with other organizations on this basis according to the following resolution: coming from our annual meeting in November: "Therefore, be it resolved that the Alberta Wheat Pool cooperate with other farm organizations to carry on an unceasing campaign to have this injustice corrected by the establishment of a system whereby available grain cars shall be distributed in such manner as will enable the producer to use the facilities of his choice." That was carried.

Those seventy delegates who are elected—half of them every two years—represent a total membership 48,530; and for fear some of you men may feel that over the period since 1923 we have accumulated a lot of dead wood, I should say to you that we have cancelled memberships of 41,000 members, men who retired from farming, who passed away, who left the country. We purchased their interests in the reserves of our company and gave them back every dollar they had put into the organization. Those interests were picked up by the younger men who have come in from year to year.

I want to say to you also that we like to handle the business of our own members; our experience over the years has shown that we have handled less than 10 per cent of outside business—that is of non-membership business. One farm organization which appeared here last year said that they had about 30 per cent of non-membership business. Now, I say to you that this is the comment of our elected delegates; these are the farmers we represent mainly in the province of Alberta.

Now, we have attempted to cooperate with other farm organizations, and as some of you will remember, at the time the farmers' union presented their brief—and I want to say that the general farm organization in Alberta is the farmers' union—for many years it was the United Farmers of Alberta, as most of you know; it was finally decided to amalgamate the two organizations and so have a general farm organization as a general organization that works right back to the country locals; the farmers' union carries the ball.

In the brief that they presented here they said, speaking of the box-car distribution, and of the farmers' dissatisfaction with car distribution—Mr. Young said that they wanted to establish a workable basis to enable farmers to deliver to the elevator of their choice. Accordingly, the farmers want provisions inserted in the Canada Grain Act whereby they may state their delivery preference, and that is the only excuse I have for being here today.

Now, there have been times in years gone by when farmers have come down to Ottawa en masse. You may think that because they are not here now talking to you men in your private offices when you can spare time to talk to them that they are not very much interested; that we are here as the representatives of a grain handling company to get more business for our company. My friend Mr. Gour this morning was very kind when he said that it was nice to have these gentlemen come down here to speak to you, that they were nice individuals; but he thought that in working out their competitive problems it might be a good idea if they worked those problems out at home as an ordinary matter of competition. Well, it may be that that is what we should attempt to do. We started back in the initial stages to interview the local men. As Mr. Parker indicated to you this morning, we interviewed the local railway men, but we found that that was not the answer. I hate to suggest to you the number of times that we have discussed this matter with the Right Hon. Mr. C. D. Howe, who is now sitting on my left; we discussed it with the members of the Board of Grain Commissioners; we discussed it with the members of the Canadian Wheat Board; we discussed it with the transport controller; we discussed it with the heads of the two big railroads: and as far as we could see our next step was to come to you gentlemen and tell our story. And I will tell you why. I am not going to spend too much time on non-essentials, but I would like to have you men get the picture. I do not think you have it yet; but I am going to give it to you as briefly as I can.

I will take any point in western Canada where there is a pool elevator and other houses and the operation is this and has been since we have had intense congestion in the elevators—you can ask any elevator man or pool man or trade man or any other person whether or not this is true—that at a great many points where there is a fairly strong pool sentiment—and we have several—the pool elevator fills up first and, as long as there is space in the rest of the houses few cars are put into that point.

The transport controller—has done a good job moving everything that can be moved; I will say that for him—the transport controller makes every effort to see that cars are kept moving and are not loaded with wheat until they can be unloaded. Our pool elevator fills up first and stays that way until most of the other elevator space fills up. At a point where there are four cars come in, the railway people think it is only fair that everybody should get cars and that no one house should get a majority of them, so they put one at each elevator, and they take 2,000 bushels out of each house. It is only a matter of hours or days until the 2,000 bushels are replaced and the elevators are full again. Another four cars come in. We only get one of them; this operation goes on *ad infinitum*, week after week. And that is the reason that the men who are interested in the operation of our Alberta Pool

elevators feel that there should be some means whereby if people want to deliver to our elevator they will have a better chance than they have had in months gone by since the congestion has been so critical. We do not want to make any attempt to say to which point the cars shall go outside of our co-operation with the Canadian Wheat Board in picking up the kinds or types or grades that they want which we have in store, but what we do want is to see that when the cars come to a point—that as between the houses the farmers will have some say as to where they will be spotted. So, as I said last year in front of this same committee, if the farmer drives down the line he will have some chance to decide which one of those elevators he wants to unload at.

I also told you last year that we are 100 per cent supporters of the Canadian Wheat Board; that we know that they require different amounts of different kinds of grain at different times and they must have them if they are going to carry on their selling operations. We are prepared to cooperate with them in every respect and we do not want anything done that will hamper their operations. We believe that there is a chance of doing something about this request of the farmers. This is not new; this is as old as the hills.

Now, there is a book called "Deep Furrows." This copy was printed in 1918. I was interested in this matter. I read this book a good many years ago and I wondered what these men did about shipping grain back in those years before they had any farmer companies in western Canada. I could read you two or three pages—page 41, 42 and 43 and some excerpts from pages 44 and 45,—but I do not think it is wise to take a document and pick out scattered phrases because lots of times that gives the wrong impression; so I am going to read just one paragraph that starts at page 41 and which has to do with the same kind of problem we have now. Hopkins Moorhouse who wrote the book "Deep Furrows", which is a history of the beginning of the United Grain Growers, they later came into the picture in 1906, said we have been told—one of the things that was responsible for their start was something like this: they were having difficulties in shipping their grain the same as our farmers are having difficulties now, and this author said:

Immediately farmers began to write strong letters to the newspapers, and it was not long before the agitation became so widespread that it reached clear to parliament. Mr. James M. Douglas, the member for East Assiniboia, during two successive sessions introduced bills to regulate the shipping and transportation of grain in Manitoba and the Northwest Territories, and these were discussed in the House of Commons. A special committee of the House was appointed finally to investigate the merits of the case. As considerable difference of opinion was expressed about the actual facts the appointment of a royal commission to make a full and impartial investigation of the whole subject in the public interest was recommended.

Then he goes on to say who the royal commission were.

Well, I do not know whether farmers nowadays are inclined to work as hard in trying to solve their problems as did men like Motherwell and Millar and those other men at that time who were delivering grain and found difficulty in accomplishing what they wished to accomplish; but I really believe that there is just as much stamina in the farmers these days as there was in 1900, and that is one reason why you have had the heads of the three pool organizations here asking you to have a look at the picture which we are trying to paint—not necessarily an injustice, but our farmers who own the elevators

think it is—of the difficulty we are trying to overcome. We have now been to every source of relief that we know of which has anything to do with the operation that we are trying to correct.

The Canadian Wheat Board has been asked if they had received any complaints. I told you before that we are supporters of the Canadian Wheat Board. We do not deal with the Canadian Wheat Board on the basis of complaints; we do not think that is necessary. We feel that the basis on which we should deal with them or with any other major authority in Canada, having in mind the number of farm people whom we represent, should be on the basis of advising them and discussing with them the things that we are trying to remedy.

Now, what is the picture? The progress that has been made in the development of a system has pretty well satisfied the grain growers of western Canada; they have put millions of dollars into the operation themselves; they did not come to parliament for guarantees or for a leg up, and we are not coming to you for that now. We do not ask for legislation that is going to put more wheat into the pool elevators because we want to make more money that we can turn into other patronage dividends. Some of our people are interested in these patronage dividends, and there may be some reason for it, because last year the Alberta Pool paid out \$2,233,486. When one farmer gets it and the other does not, when one got his grain into the pool elevator and the other did not, they begin to wonder why.

Now, they say, "We have brains enough to grow our grain; we have brains enough to handle it; we have brains enough to sell it." Mind you we have watched the selling operation with the greatest of interest. As I told them the other day in Calgary in a comment I made on the final payment, the farmers know, and I insisted that it be printed in full just as I dictated it, and I said I wanted it printed in full or else I would not give it. So we find on a page of the *Albertan* "Final wheat payment satisfies pool." We were not satisfied entirely because we were sort of being kept between the upper and nether milestones of rising costs and falling grain prices; we were not entirely satisfied. But in the first paragraph I made a comment. I said, "The final payment announced by Mr. Howe is a credit to the Wheat Board." I say it is because I believe it is. I think too that in times like these it is wise to sit back a bit and have a look at the picture before making up one's mind and deciding what to say.

I think the board has done a good job of selling. I think my friend Mr. Milner has done a good job of moving wheat, among many other things. So I am willing to offer the compliments of the Alberta farmers to these men who are operating under the jurisdiction of my friend Mr. C. D. Howe who is here and who is a friend of thirty years' standing. He is the man who designed our first terminal elevator and with whom we have had intimate relations over the years on account of our pool association. We do not go to him with complaints; we go to him exactly as we do to the Wheat Board, to Mr. Milner, or to any other authority who has to do with a national operations such as the marketing of Canadian grain. We go to him and we talk matters over. Now, it may be that the technique of approaching this question has not been right; it may be that some hampering influence has been introduced; but I want to tell you that a lot of the sentiment that has been behind the effort that is being made to accomplish this thing we are here for has been right; the idea has been in the right direction.

We had a condition a year ago that had to do with shipments from points before we were directed to start on this action and before we had gone as far as we have now, it had to do with the movement of grain in Alberta. Our shipments had got out of joint at so many places that it was a hodge-podge

of shipping history, because for weeks back cars had been supplied for various kinds of operations: damaged storage, damaged grain, tough and damp grain, and various things that make it necessary to make some special shipments of grain. So there was a lot of dissatisfaction. All these things were perfectly in order as far as the object they were trying to accomplish was concerned; there was nothing wrong; but it resulted in inequality as between houses in the number of cars they got, and every grain handler knew it. That was the reason the agreement was signed in Alberta a year ago last fall when we agreed to one elevator one car, largely because there were inequalities as between shipments. As soon as that agreement was finished the railways notified us they were not going to try to take up any more slack as between houses. That was the basis of the letter that was signed by our manager along with other managers in Alberta, and that was the thing they were trying to accomplish—to straighten out the tangled shipping situation.

Now, we have also been told that the farmers cannot agree on the thing they want to do. I want to say this to you, that in any democratic nation we know about the majority rule; we try to discuss a point until we come to a mutual understanding, if that is possible.

That is what we have done on the point I am raising today of distributing cars. There are three separate substantial grain handling organizations supporting this. There is the Alberta Wheat Pool—my own—the Saskatchewan Wheat Pool and the Manitoba Wheat Pool. They are all supporting this idea asking for something to be done to straighten out this matter. The other farm organization is opposing it. They probably have lots of good and sufficient reasons for doing so, but I would say ordinarily the majority rule and if it is something that is going to have a wide-spread effect as this may have there is, I think, some justification for that same basis of decision that what is good for the most of them may not be too bad for the rest. While we are divided apparently there is no division of opinion among the people I represent nor between the other two pools. It has been suggested, gentlemen, that this sort of thing will stifle competition. I think it will foster competition in that when the farmer is going to express his preference—and we are asking for that preference as you know—there will be competition among people to handle the grain to see whether or not they can be the favoured ones. It may be an election. You can call it anything you like. It is a process of expressing preference but that does not tie a man to anything—not a thing—but it does and will tie the cars under certain conditions. Then as soon as the preference is expressed competition will develop among the elevator agents. Certainly we will be right in there pitching—and all the rest of them will be, too—in an effort to persuade the farmer that even although he has expressed the preference for one elevator that the man on the other side of the street can offer him better service, and that he should haul to him. That is a second avenue of competition. Therefore, if you want competition, you are going to have plenty of it. As far as we are concerned, we are not afraid of that competition. We will be right in there trying to get the grain that should come to us which might be influenced away from us for whatever reason you like—overgrading, underdocking. We are going to try and hold it and perhaps we will have a little edge because the pool members own that elevator of ours.

It has also been suggested that this will discourage construction. Now, that may be, but as many of you know the reason I am here is that our people cannot get their grain into our elevators and they want a chance to get it there so our percentage of handling has been going down on account of the method of distributing cars and taking grain out of elevators which I suggested to you a moment ago is an involuntary operation. You haul it where the space is. While our percentage has been going down we have increased our con-

struction. This is a farmers' company and we have built accommodation for 19,778,000 bushels since 1935 up to the end of last year. Last year when our percentage was the smallest we built $1\frac{3}{4}$ million bushels; despite the fact that our handlings were going down our construction was going up. In addition to that we are now building out in Vancouver with farmers' money a 2 million-bushel addition with the most up-to-date handling and cleaning machinery there is at a cost of \$2 million. It is being built right now by the same firm which built our first elevator, the C. D. Howe Company—

Rt. Hon. Mr. HOWE: A good firm!

The WITNESS: —so if you are not satisfied with the service you get, you do not go back a second time, but we got along all right with the first construction.

There has been some criticism that these elevators are being badly administrated and are not being used to capacity, and that farmers should be able to deliver more grain because there is space available in the elevators and they should have been able to take the grain of more farmers. Well, it has been well explained to you before I came up here about what the percentage was that an elevator could handle and still continue to do business having in mind part bins and different grades and all that sort of thing. I want to tell you what our experience has been with storage. Starting at the 31st of December, 1953—I will give you the figures for the end of each month—up until the 26th of May of this year: 30 million, 29 million, 28 million, 25 million, 26 million, 28 million, 31 million, 31 million, 28 million, 28 million, 29 million, 30 million, 30 million, 29 million, 29 million, 28 million and on the 26th of May it was 27, 368,000. Now, we have a total storage of 36 million bushels, and you can figure out what the percentage is on an average of about 30 million bushels—our space is five-sixths full.

Having in mind the experience of the other operators which was outlined to you during your meetings, certainly some of us must have made a fair job of using the storage, even if some were not so efficient. But as I gather from the figures presented, they were very much the same as our own experience, so I think the storage has been handled by all the elevator companies rather efficiently and they have given the farmers a chance to deliver pretty much all that could be accommodated.

I am going to taper off, gentlemen, by saying that while we have no draft of legislation to offer to you, we have as a result of practically 15 years experience in trying to accomplish this thing which we have tried to accomplish by ordinary means of negotiation over the years and by making our comments as we went along—and I can give you some evidence that we have here that this is not a new thing. I wish to assure you, gentlemen, that we do not switch our policy from one year to the next; we cannot afford to. We have too much at stake. We try to pursue a reasonable policy in the first place, and then continue along that line.

We will try, I hope, to be like one of the generals in the Civil War; "we will fight it out on this line if it takes all summer"—and I am sure that when we go back to our delegates meeting this fall, we will be asked, "What progress have you made? What did you do? Where have you been? Where are you going from now on? We want this thing done!"

I had following statement typed as sort of a commentary on our 15 years efforts to accomplish what we are bringing to your attention again today. With your permission, I will read this aloud:

For the past 15 years, we have been endeavouring to have instituted a fair method of car distribution based on the growers preference. As has been mentioned to your committee, from 1940 to 1942 during which time elevator congestion occurred on account of war conditions and lack

of ocean shipping, a car cycle system of distribution was inaugurated and administered by a Transport Committee under the chairmanship of Dr. McGibbons, who was then a member of the Board of Grain Commissioners. The cycle was based on permanent elevator capacity and, while we accepted it at the time as a war emergency measure, we protested to the Government that it gave no indication of the growers' choice of the elevator to which he preferred to deliver his grain.

As has been stated to your committee, in 1943 the administration of a car cycle based on country elevator handling for a two year period was instituted by the Canadian Wheat Board. This was only operated during one year and, when it was abandoned by the Wheat Board, we protested vigorously to the then Minister of Trade and Commerce, the Hon. J. A. MacKinnon, that the producer had lost his rights under the car order book provisions of the Canada Grain Act to order cars for the shipment of his own grain due to restrictive delivery quotas. We felt it imperative that some form of car allotment should be provided by legislation. We were unsuccessful in this request until 1944 when he supported a ruling of the Board of Grain Commissioners, which was confirmed by order-in-council, giving authority for the transfer of the right to load a car supplied pursuant to the car order provisions of the Canada Grain Act. The Canada Grain Act was later amended in 1947 to embody this principle (Sec. 62, sub-sec. 4, Canada Grain Act).

The use of the car order book under this provision of the Act appeared at times to conflict with the shipping orders of the Cdn. Wheat Board, resulting in the cancellation and later the suspension of the car order book in 1953 and again in 1954.

The proposal which we are now making is consistent with the efforts which we have made over all those years for some solution to a fair distribution of railway boxcars at delivery points, based on the producers' preference of the elevator to which he wishes to deliver his grain.

In our opinion, the car cycle which we are proposing would in no way conflict with the powers of the Cdn. Wheat Board under their Act (Sec. 20k) or interfere with their ordering to fill their commitments any quantity of any grade of grain as cars would eventually be supplied between the various elevators according to their allotment which the producers have indicated.

I have with me a letter addressed to the Honourable J. A. MacKinnon dated August 25, 1944, written by our manager, the late Mr. R. D. Purdy. Mr. MacKinnon was the Minister of Trade and Commerce at that time. I would like to read an excerpt from the letter. I might say that our Mr. Purdy was a very close friend of Mr. MacKinnon's in Edmonton before Mr. MacKinnon ever came to Ottawa and before Mr. Purdy came to us as manager. It is obviously quite a personal letter because it refers to Mr. MacKinnon, as "J.A.":

Obviously, J. A., these three co-operative elevator systems cannot stand quietly by, in the face of the experience of the past four years, and allow this allocation of cars to be kicked around for any length of time without making an issue of same in no uncertain manner. I have every sympathy with the members of the Canadian Wheat Board in respect to the wide variety of problems which they have inherited from an administrative standpoint over the years, but in my opinion this allocation of cars and control of grain shipments is so closely allied with the marketing operations, that regardless of their desire to be relieved of this contentious problem, any move of this kind should not be permitted unless in the process due provision is made for the rights of the grower to be

exercised under the Canada Grain Act without interference in respect of utilizing the elevator of his choice, and which apparently will not be possible based on the recent ruling of the Department of Justice, having in mind the existing restrictions under the quota system.

Those quotations represent the feeling of our board and manager back in 1944 so you can see that we have not changed our opinion, gentlemen. We had the same thing in mind at that time, but it was not so serious then as it has been in the last four years when we have had these abnormal crops.

I do not think, Mr. Chairman, Mr. Howe and gentlemen, that I should detain you any longer. You doubtless have other things you would like to do, and I dislike to come in like an unwanted child at the tail end of the session when your minds may be elsewhere, but I did want to come here and I was glad to have an opportunity to tell you the story of the Alberta growers. I believe that I have set it out so that it might be of interest, but I do know that as a man comes to a new operation, as you might say "cold", it is not very easy to pick up all the threads of it, so I have done my best to tell you something of what the operation is, and the point we would like to remedy.

I was present this morning when Mr. Gour made his comment and when I heard what he said, I rather gathered that we might be looked upon as looking for a little relief by way of legislation that we could not get in a competitive way. I wish to assure all of you and Mr. Gour in particular—because he is in business and knows something about the handling of different kinds of grain—that we are perfectly willing to take our chances with the competition that would result from the measure we are suggesting and urging. I thank you, Mr. Chairman, and the members of the committee for your kindness and time. If there is anything more I can add that would be helpful or which would give you a better picture of the situation, I shall be perfectly happy to do so.

The CHAIRMAN: Are there any questions?

By Mr. McCullough:

Q. Mr. Plummer, I take it from your final remarks that you are in disagreement with Mr. Brownlee's statement yesterday that this is not a new situation and many farmers have been faced with the fact over a number of years that they could not deliver grain to the elevator of their choice?—A. That is true, and I should like to add this, if I may, we are going to have this condition from now on with considerable prevalence due to the fact that we harvest with the combine and haul with trucks, and farmers would prefer to take their grain directly to the elevator rather than bin it; but we know that people will not eat wheat as fast as we can harvest it, so it must be binned somewhere.

Q. In view of that, would you comment further to say that even although the crop conditions which have prevailed in 1952, 1953 and 1954 in the west—there will be conditions that were apparently stated in some of the former briefs and I refer to Mr. Brownlee's brief of yesterday as being of a temporary nature—you regard the situation more or less as of a permanent nature which will require permanent legislation to rectify it?—A. I would say yes, sir.

Q. I have a few more questions, if I might proceed?

The CHAIRMAN: Go ahead.

By Mr. McCullough:

Q. You stated at the beginning that about 10 per cent of your patronage comes from non-members?—A. Less than that.

Q. Could you state the percentage which you feel your company now loses due to the fact that people are not able to patronize their own elevator?—A. No, I could not. I have no idea.

Q. One further question. Do you feel that the additional storage space which your company has been forced, or through policy has built, is perhaps a waste of construction and cost or will the facilities which you are constructing be necessary to meet growing trade and patronage to your system regardless of whether or not the system is changed?—A. Might I answer this way, Mr. Chairman, that a percentage of this construction we have carried on—the figure I gave you was the increased storage and not the replacement storage where we have torn down an elevator and built a new one—this 19,700,000 is increased storage. I will say that it points to the fact that where we have an elevator a second elevator would not be required if we had plenty of cars to ship grain, because you can put the grain through the elevator and into cars almost as fast as it could be shipped if you had the cars.

Q. Do you say that quota system will necessitate extra storage which without the quota system we did not need; do you agree with that?—A. There are a lot of angles to the operation of the quota system. Mind you, it has made it very difficult, as the other speakers have said, to operate the car order book because a 2,000-bushel car would take 20 men to fill if it were done on the basis of 100 bushels each. It is not so simple. In a good many places we have yielded to the extreme pressure of our members for more storage even although it was not required to move the crop from the standpoint of handling alone, receiving it from the farmer and putting it in the box-car—but we have built storage on the authority of our annual meeting and one reason is that it gives farmers who could not cash in all their crop otherwise some relief except through a bank loan, and the building of additional storage on their farm, because those men felt as though their pay cheque had been cut off if they could not deliver. For that reason we have built a percentage of this storage to take care of the need of giving the farmer a chance to get something out of his crop.

Q. Now, Mr. Plumer, you stated quite strongly, I think, a fact concerning which there is perhaps some contradiction between your feeling on the matter and the statements made by other people before this committee. I speak now in connection with the allocation of cars at a specific point. You stated, I think, where pool sentiment is strong or perhaps where you have a high percentage of the farmers who are patrons of your elevator system that the cycle or the allocation of cars—there is a designation, in other words, between the allocation of cars and when they are allocated particularly on the basis of one car-one elevator—which I think you indicated—places a serious handicap on the delivery of grain by the farmer to the elevator of his choice, is that correct?—A. You have hit the point in your last couple of words. In the early part of your question where you said there was designation as between them, it is not so under the present rules. You can distribute cars, one car-one elevator, and unless there is some right established by the farmer or another elevator company under the car order book which has been suspended now, there is no designation because when the switch crew comes into the yard with four cars for four elevators, and puts one at each plant, if you were our agent there and the other man said, "How are chances of getting a car?" you would not kick much and you would give him one. You are a competitor, but you are all living together all the time, so you do not kick too much. That is the way it is worked in most places. But if you have an allocation—let us suppose one was for 10 per cent, one for 15 per cent and one 20 per cent—that is the way they will be distributed and at the end of the year it will be finally evened up.

By Mr. Weselak:

Q. Mr. Plumer, you made the statement that if the producer's preference was put into effect, it would not tie the producer to the elevator, but it would tie the car to the elevator. How do you reconcile that with section 109 which provides that the elevator must accept the producer's grain providing they have the space?—A. I will say again, the expression of preference is purely preference and it is not an agreement to deliver. Now, that is one question. When the farmers have expressed their preference and the cars have been allocated on that basis, that is the instruction that is given to the railway company and to the elevator companies. One will get so many, and one will get so many and one will get so many and so on down the line. Those cars come into the plant, and if they have grain of the grade and kind wanted by the Wheat Board they will probably load them. If not, they will go on to the next man entitled to a car. The car will go on, but it will be charged to the elevator which had the quota which they could not fill.

By Mr. Harkness:

Q. Mr. Plumer, what percentage of the Alberta grain crop have you handled for each of the last six or seven years to the extent that you lost business through the present method of the allotment of railway cars? I think Mr. Parker told us that in Manitoba it was about one percent and in Saskatchewan it was a little more than that.—A. Our highest percentage was in 1949—37.4 per cent, and our lowest during the last 10 years has been 31 per cent.

Q. When was that?—A. For last year it was 31.7 per cent. Our percentage has increased, and it is a better one at the moment. I just do not know what it is now, but I have been told it has been increased from last year's percentage so we do not have too much to complain about this year, nor do our farmers, but we still are below what we should have in their opinion.

Q. Have you got the list for 1948, 1949, 1950, 1951 and 1952 and so on right through?—A. 1948, 35.1 per cent; 1949, 37.4 per cent; 1950, 36.9 per cent; 1951, 34.5 per cent; 1952, 33.0 per cent and we finished up last year with 31.7 per cent.

MR. WESELAK: Under the preference system suppose I have 4,000 bushels of grain to deliver, I can designate to the pool elevator my preference but on the other hand, I am apparently free to go to any other elevator at the point with my 4,000 bushels and if the agent has space he is obliged to take it—under section 109 he is required to take it. The other elevator has my car. If that were multiplied many times, it would create another situation, would it not?

THE WITNESS: With these congested conditions it would be bound to occur at a good many points, but on the average, it probably would not be too far out. It would occur at a great many points. If I designate the pool elevator it might be full and if I need money, I have to haul somewhere else. That is our trouble.

MR. MANG: And I haul that into the elevator after having declared my privilege. These other elevators also have people who indicated their preference to these other elevators. What will happen there in the sphere of human relationships when they start to haul and interfere with the other man's preference.

THE WITNESS: I would say you just have to take that chance because you cannot be sure you will be able to deliver to the one you express the preference for. On the average over the year the chances are that the conditions will work out pretty well as between elevators.

Mr. HARKNESS: Farmers usually stick to one elevator. They do not take alternative loads to alternative elevators if space is available. If a farmer is delivering to one elevator he continues that unless there is a personal friction which in my experience does not happen very often. This is a problem, but not a serious one. Farmers if they want to deliver to one elevator in the main deliver to that elevator company.

The WITNESS: Yes.

Now, we never produced a bill to put before the House, but we did produce a recommendation of what might go in a bill and our ideas were something like this:—and I will read them if I may.

This is pertaining to section 60 (a) and is what we offer as what might be the completion of that section. These are the ideas which we would like to see incorporated as a basis of amplifying what we are proposing:

60 (a) The Board shall annually forward to all producers at their address as shown by the records of The Canadian Wheat Board, a form which shall make provision for the produced: (1) To declare the name and location of the country elevator to which he prefers to deliver his grain for the following crop year. (2) To state his seeded acreage of each kind of grain for the current year. The Board upon return of the completed form shall prepare a statement of the total acreage preferences for each licensed country elevator, at each point, together with such further information as it may require, and shall forthwith determine a cycle of cars to be allotted at each shipping point. In determining a cycle of cars for a point, the Board shall divide equally among the licensed elevators operating at such point the acreage for which no preference has been stated. To this acreage so allotted to each elevator shall be added the acreage for which a preference has been declared in favour of an elevator and the combined total shall be the percentage of each elevator's total cars to be allotted to it for the succeeding crop year in accordance with its proportionate cycle.

(b) Upon completing such cycle the Board shall forthwith notify the elevator companies and the railway company affected and it shall be the duty of the railway company involved to thereafter place cars at the elevators at each point in accordance with the said cycle.

(c) All cars ordered out of turn by the Wheat Board or the Board shall be deemed to be cars allotted to and to be charged to that elevator's allotment.

(d) Nothing herein contained shall prevent anyone from ordering a car for the loading of grain to be spotted at a siding or loading platform but if he orders a car to be loaded at an elevator, such cars shall be deemed to be part of that elevator's allotment.

(e) Nothing herein shall interfere with the operation of a car order book.

(f) The cycle of cars set by the Board as herein before provided shall apply to all grain in store in the said elevators upon the day the cycle becomes effective and shall continue to apply until the Board sets a new cycle in the following year.

Now, that is the basis on which we think this should be approached and we would be very happy to have any talent we have in our organization, legal or practical—I do not say legal is impractical—to work with any group which the government may select if they agree that this is something which should be examined, and see whether or not there is machinery which can be provided to take care of this. We will do that at any time convenient to all concerned.

By Mr. McCullough:

Q. Mr. Plumer, when you say "We" are you speaking just for the Alberta Wheat Pool or do you mean all the other pools?—A. I would say as far as the right to effect something which will work and do the job as the farmers want it done, I will take in the other two pools. They are here and will object vocally if they do object.

Q. Did you consider Mr. Argue's bill as presented in the House, and do you think there is any basic difference in the principle there and the principle you have enunciated now?—A. If I was drafting a bill I would not draft it as Mr. Argue did. However, this is the principle and it is the principle set out in his bill.

Q. You spoke of hampering influences. First you said that you had over a number of years gone to every authority or source of relief and apparently there is still a dissatisfaction and a job to be done. Later you said there has been a hampering influence. Could you enlarge on that. I think that basically you all want this job done for the farmer. Would you enlarge upon that statement?—A. Well, the only thing I can say to you is this: we represent three wheat pools who represent certain members. We have the support of the Farmer's Union, we have the support of the Alberta Federation of Agriculture which takes in every organization with over 50,000 (fifty thousand) members in the province, and they support us and ask for the same thing. But, there is some opposition, that you know of, which makes it a little difficult for us because we are a little divided. But, there is no division on this as far as the pools and the Alberta Federation of Agriculture and Farmers' Union is concerned. They are all asking for the same thing.

Q. May I say that I have in my office well over 100 letters which have come to me from various farmers. I have no indication in most instances as to what elevator that particular farmer wishes to deliver his grain to, but I can say in all instances they indicate they want the right to deliver the grain to the elevator of their choice. That is what I am concerned with and I think we are all agreed on that point anyway.

The CHAIRMAN: I think all the members of the committee are agreed on that point too.

Is there any other question?

I think you, Mr. Plumer, and I wish to make it plain that although you came in at the tail end of it, as you said, you were not an imposition on the committee; on the contrary, we were very pleased to have you.

The WITNESS: Thank you, gentlemen, you have been very kind and I appreciate it.

The CHAIRMAN: I see that it is almost 5 o'clock. We will adjourn to the call of the chair.

EVIDENCE

WEDNESDAY, June 8, 1955.

3.30 p.m.

The CHAIRMAN: Order, gentlemen, I see a quorum. I should say that we had a steering committee meeting this morning and it was generally agreed that we should conclude the business this afternoon and go into camera and consider our report to parliament.

Before going into this latter phase I have now the legal opinion from the Department of Justice which was requested of them on the following question. Here is the exact reference that was submitted to Justice:

In view of the ownership of grain vested in the Canadian Wheat Board by section 25 of the Canadian Wheat Board Act, are the elevator companies at any time the owners of wheat, oats or barley within the meaning of section 62 of the Canada Grain Act so as to possess the right to enter their names in the card order book?

And here is the answer:

In order to purchase and pay for grain pursuant to the duty to undertake the marketing of wheat in accordance with section 25 of the Canadian Wheat Board Act, the Canadian Wheat Board enters into agreements with companies owning and operating country elevators and I understand that your question relates exclusively to wheat, oats and barley handled under those agreements.

While the elevator companies are, by virtue of such agreements, required to use their own moneys to provide initial payments to the growers and to assume certain risks in the grain until its delivery at a terminal point and they have a limited power over its disposition for the purpose of obtaining loans under section 88 of the Bank Act, they are obligated to purchase exclusively for the board and cannot purchase for their own account. The agreements refer to the board's grain and it may be noted that a producer's certificate is issued to the grower acknowledging delivery to the board at the same time as a cash purchase ticket is given to him.

I conclude from an examination of the agreements that the elevator companies are, under them, agents of the Canadian Wheat Board and the latter is the true owner of the grain. That being the case, subsection (3) of section 62 of the Canada Grain Act is inapplicable—that is to say that such grain does not belong to the managers of elevators so as to give them the right to enter their names in the car order book.

It should not be overlooked, however, that the Canadian Wheat Board as the owner of grain is entitled to exercise any rights conferred upon owners by subsection (1) of section 62. An elevator company could, no doubt, exercise the right of the Canadian Wheat Board in this respect if duly authorized so to do.

I think the opinion is quite clear and quite to the point. Any questions on that?

Mr. ARGUE: Mr. Chairman, on this matter of getting someone here from the Department of Justice I raised that, I believe, in one of the earlier sessions of the committee and my idea was to get someone in from the Department of Justice to give us a legal opinion as to whether or not the suggestion and latterly the draft bill presented by the wheat pools as to a new method of box-car allocation was within the competence of the federal government to pass.

I would appreciate getting such an opinion because I think it is important.

The CHAIRMAN: I have the reference here. This point was raised on May 30 and at the time that you raised it, Mr. Argue, I said to you, "Exactly what is your suggestion?" because I wanted it in concrete form for the Department of Justice and you said:

On this point, whether or not the suggestion advanced by the wheat pools can be put into a statute with a real likelihood that it can be upheld in the courts, because nobody knows definitely whether it can or

not, and the government is before the courts on many things day after day, so the fact that somebody might take them to court, I do not think matters. We want legal opinion as to whether there is every possibility that such an Act would stand up in the courts.

At that time I discussed that with Justice and, of course, their answer was that they could not give an opinion on a suggestion advanced by the pools. They said, "If you will produce a definite amendment possibly we can consider it." So what you were asking them to do was to put a suggestion into a statute form and then they said, "If we do that it would have to be done in conjunction with the people who want this done because this way we might draft a statute and it might not meet with exactly the point that they had in mind." So it was thought at that time that they could not give an opinion on merely a suggestion, that it had to be a definite amendment. So I did not do anything further on it at that time and it was only in the last minutes of the last meeting that the pools actually produced their suggestion in the form of a definite amendment to the Act but even then I think that they modified this amendment in at least one respect. It leaves the matter rather vague and not too specific for a written opinion and I think that in view of what happened I doubt if any written opinion on that would be of much value anyway. At least from the point of view of the committee I feel that it is not at the moment very much related to any decision of the committee. I mean no part of our decision hedges on the legality of that point. It may be of interest to certain members but it is really of no great value to the committee as such. It was pretty well agreed between everyone . . .

Mr. CHARLTON: Did I understand you correctly to say that the pools had submitted a suggestion in the form of an amendment?

The CHAIRMAN: The last witness, Mr. Plumer, of Alberta, in the very last part of the meeting at the last sitting did submit the first suggestion in a drafted form.

Mr. ARGUE: Those had been given on some previous occasion.

The CHAIRMAN: I would not know.

Mr. CHARLTON: Then actually you have something to go to Justice about.

The CHAIRMAN: Well, no, but what would actually be the value of that opinion? Let me put it this way, nobody in the committee has challenged the legality and no witnesses have challenged the legality of the matter and I think everybody agrees that it is legal. Whether we should go to Justice on personal things or get a legal opinion on something that is not a statute . . .

Mr. McCULLOUGH: I tried to follow this carefully and what you were saying in respect of this draft bill presented to the committee by the wheat pools. I understand that you said that in the first instance their draft bill had been subsequently amended in perhaps greater detail and now we have before us one which apparently is satisfactory to the pool. I would suggest that it is important to the committee that we get the ruling of Justice on it so that we will know what we are dealing with. We have had quite a bit of controversy with the presentation by the pool people who have been before the committee and now we have something which perhaps is at least satisfactory to the pools and if that is so I suggest that we do try to get a legal opinion on it.

The CHAIRMAN: Maybe I was not clear in what I said. From the evidence before us now, the pools, including the Saskatchewan Wheat Pool, advanced this suggestion but not at the exclusion of any other. I think it is a fair interpretation to say that none of the witnesses were married to any particular suggestion. They offered one, Manitoba offered a slightly different one and then the Alberta Pool came forward with the statutory form of the Saskatchewan Pool's suggestion.

Mr. McCULLOUGH: Just for your information and for the information of the committee in connection with one statement by the line elevator companies I think the U.G.G. also stated that they were pretty well in favour with the present set-up and that it was satisfactory to them and gave the situation as being one of a temporary nature and suggested that permanent legislation was not the way to deal with it. So I think we have sort of a clash of opinions with those who have presented their views to us.

Mr. WYLIE: Mr. Chairman, it does seem to me that we discussed the box-car situation very thoroughly and outside of Mr. Wesson from the Saskatchewan Wheat Pool I think that all of our witnesses agreed pretty well that this is the only way it could be handled at the present time.

Now, I listened to Ben Plumer, the director of the Alberta Wheat Pool, and while he disagreed with Mr. Brownlee, the president of the U.G.G. on one point—Mr. Brownlee, I believe—and you will correct me if I am wrong—said that under the present situation, that is, the congestion of grain that he was quite sure that it would clear itself maybe this year or next year. It is only a temporary situation and when Mr. Plumer spoke he did mention about the box-cars and perhaps this has nothing to do with the amendment that was moved but he did say this; that it was not of a temporary nature, that it was here for a long time to come, that when a farmer goes out with a combine he wants to take his grain to town to the elevator instead of storing it in granaries at home.

Well, we all realize that while we have the quota system in operation it is the only fair way for the small farmer as well as the large farmer. The minimum which can be taken in deliveries is 300 bushels and the maximum is 500. You take a large farmer who is perhaps threshing 10,000 or 20,000 bushels of wheat. He cannot deliver that grain under the present quota and while we have the quota system I do not think there is too much to complain about and I think that under our present system that the quota system is the only fair way to treat all of the farmers and to treat them all alike, whether they are a small farmer or whether they are a large farmer, but it must be recognized that a large farmer cannot deliver all of his wheat when he is harvesting with a combine or three combines; he must store the wheat at home on the farm.

In that way it will relieve the congestion in the elevators to a certain extent so that a small farmer on a half-section of land or even a quarter-section will be able to deliver something.

Now, Mr. Chairman, I know many small farmers and they are not equipped to deliver all the grain that they are combining while some of the larger farmers are, but the small farmer is the one we have to think about and I think that it is only fair to suggest that the way we are doing it now with the quota system is fair for the small farmer as well as the large farmer and I think that Mr. Plumer was wrong in his suggestion in saying that the large farmer today wants to deliver his grain without putting it in store in the bin at home. The farmers today have increased their storage capacity in my area and I imagine the same thing has taken place in every area to an extent which was never known before. They have built granaries and they are storing wheat on the farms.

I could bring up another point, which I do not wish to discuss now in any detail, and that is payment for storage of grain on farms, but it is another issue and I do not think I would be in order if I dealt with it. However, I think our present set-up is about as fair as we can have it and I might say again that every witness who appeared before us with the exception of Mr. Wesson agreed that there was nothing much which could be done about any change in the box-car system at the present time.

The CHAIRMAN: Pardon me, but I would suggest that we dispose of the few points of unfinished business first, before we go into the report. I would

like to say that I do not think we should emphasize this particular point too much because it is not a point of momentous importance as far as the deliberations of this committee are concerned. After all, any member of parliament who wants an opinion can submit his case to the department and can get it for his own satisfaction, and it seems to me that in the present circumstances, since the matter has no direct bearing on the conclusions of our deliberations, it can be left to the individuals.

Mr. ARGUE: Mr. Chairman, on the matter on whether doubt as to the constitutionality of such a provision had ever been raised, I want to refer the committee to page 3756 of *Hansard* which contains the speech of the minister made on May 13 of this session, in which he said with regard to Bill 22, the following:

If this bill had any desirable features it would become necessary to consider another problem, whether or not it would be constitutional and within the competence of parliament. The government has been advised to the contrary, not indeed with respect to this particular bill but with respect to other proposal for allocation of box cars which would govern competition between elevator companies.

The minister told parliament that he had been advised that the other proposals—and I am certain that the Wheat Pool proposal must have been included in his thinking because it would be the main one—

The CHAIRMAN: We cannot read his mind.

Mr. ARGUE: This had been shown to him before.

The CHAIRMAN: We do not know that. You assume that.

Mr. ARGUE: I was not here on Friday, but I understood it had been said by him.

The CHAIRMAN: It may be. However, I do not recall it.

Mr. ARGUE: This refers to all the various suggestions which had been made to the minister. He makes the statement—I don't—that the constitutionality of this suggestion had been raised, and I know through looking over the file of correspondence between the minister and Mr. Brownlee that Mr. Brownlee, for one, expressed the opinion that any change which would give the farmers the right to select elevator companies that would get box-cars would be unconstitutional, and therefore I feel it would be in the interest of the work of this committee that we should get not just an opinion—my idea was that we should invite a person here from the Department of Justice so that we might find out what the authority of the parliament of Canada is in regard to this bill. I want to say that I cannot agree with the statement made by Mr. Wylie that farmers are seasonably well satisfied with the present situation, and I want also to say that the situation needs to be cleared up. It is an aggravating thing, and I would like to refer the committee to the words of Mr. Plumer which, I think, sum up the situation very well. He said this, according to the transcription of Friday's evidence—this is not the revised transcript; I do not want to mislead the committee, and if he wishes to revise the report he will do so:

We do not want to make any attempt to say to which point the cars shall go outside of our cooperation with the Canadian Wheat Board in picking up the kinds or types or grades that they want that we have in store, but what we do want is to see that when the cars come to the point—when they come into that situation—that as between the houses the farmers will have some say as to where they will be spotted.

It is clear from that statement that they will be satisfied with nothing less than allowing the farmers to deliver grain to the elevators of their own choice and any suggestion that the Wheat Board should give out the orders—and they themselves all say with somebody else's advice—or make the actual selection as between elevator companies will constitute something which will cause continuing grave difficulty, in my opinion, in the marketing of grain and is going to be a great disappointment to the producers.

The CHAIRMAN: I am sorry, but we are going, now, into two questions at the same time. Can we not stick to one?

Mr. ARGUE: I was commenting on Mr. Wylie's statement that everything was reasonably satisfactory—something to that effect. For myself, even though members of the committee may think differently, I have no axe to grind in this thing. I sincerely believe it is a situation which needs to be corrected and that the farmers should have this right for which they have asked, and that we should do everything possible as representatives of farming communities to restore that right to them. I hope we shall make such a recommendation.

Mr. CASTLEDEN: Mr. Wylie referred to the fact that only one person out of all those who appeared before us made a point of the car distribution—

Mr. WYLIE: I did not say that. The point about car distribution was made by every witness we had.

Mr. CASTLEDEN: But you thought that it was not a contentious point and you gathered that the present situation was about as good as we could hope to operate under a federal set-up.

I would like to point out that on page 10 of the first report, the Inter-provincial Farm Union Council made that one of the major points. The Alberta pools made it abundantly clear, as did the Manitoba and Saskatchewan Wheat pools. The companies discriminated against were the ones making the objections; naturally the ones who were gaining by the arrangement did not.

The CHAIRMAN: There is one more point. I believe the committee agreed—and this was my idea in the first place—that I should ask the Department of Trade and Commerce to provide a statement with regard to financing sales, such as by barter, and the possibility of barter-trade, accepting soft currency and so on.

Mr. McCULLOUGH: Do I understand you are trying to clear up one matter at a time Mr. Chairman?

The CHAIRMAN: Yes, I was.

Mr. McCULLOUGH: I would like to comment on what Mr. Wylie has said. Unfortunately the situation which exists at present with regard to the allocation of box-cars does not treat all farmers in the same way.

The CHAIRMAN: I am sorry, Mr. McCullough. I do not want to cut you off short, but I let Mr. Wylie make a statement and he is such an agreeable gentleman that I did not want to interrupt him at the time—it is a difficulty of my own making, I know—

Mr. McCULLOUGH: I am very agreeable, too.

The CHAIRMAN: I was not making any comparison, let me assure you; I allowed two already to make a comment.

Mr. McCULLOUGH: The unfortunate situation is that the small farmer as well as the big farmer is not treated fairly at the present time. There is no disagreement with respect to the suitability and the merits of the quota system. We all agree on that; but when it comes to the allocation of box-cars, that is another matter. You may have a certain amount of wheat accrued in an elevator, and you may have a group of farmers who want to deliver to the

pools, only to find that the elevator is filled. The car allocation is such that when the farmer is able to deliver his grain he finds that he is forced, due to that congestion, to deliver it to an elevator which may be his opposition. So there is injustice, and we hope that this committee will be able to make some suggestion whereby the right of the farmer to deliver to the elevator of his choice is put into effect.

The CHAIRMAN: Let us get on to the drafting of our report, when perhaps we might be able to do something about that.

Mr. DINSDALE: We have had a considerable discussion on this point of box car allocation, and I would like to say that I agree that there is a real problem here. I think this committee has an obligation to make some recommendation by way of a solution, and I hope that we shall be able to help to clear up the issue. It is a result of congestion and there is no absolute solution.

I think, on the basis of the discussion and the information which is before us that we should be able to make some contribution in helping at least to ease the situation.

The CHAIRMAN: Thank you.

Mr. WYLIE: I am going to be very, very brief. After Mr. McCullough's statement, and those of one or two others, I feel that I should make myself very clear. I though I had done so. I want to say that the situation is not as bad as we members of parliament would make out. I know all the elevator agents in my constituency. At one point we have three elevators, and those agents work together. They do it quite well whether there are two elevators or whether there are five elevators. The impression I get when I am here in the committee is that one elevator man is against the other. But that is not the case. They work just as well together—better than we do here, as a matter of fact.

The CHAIRMAN: They could not do that!

Mr. WYLIE: Oh yes, much better than we do here.

Mr. GOUR (*Russell*): No questions of politics, please.

Mr. WYLIE: They are not playing politics; but they do work together and I am sure that those agents certainly help the farmers out. I have not received one complaint from any farmer, or from any of the elevator agents, and I spend a lot of time when I am home going around to the elevator agents. I think the situation is going to clear up pretty well and that it is not as serious as we talk about it here; at least, I am sure it is not and I hope I am right in that belief.

The CHAIRMAN: The next point, as I said, was a suggestion that a statement be made on the financial questions. It was agreed, when this was discussed this morning at the steering committee, that in view of the broadness of the question, it would take two or three full meetings really to get the proper story, and at this late stage it was agreed generally that the best thing to do under the circumstances was probably to leave it until next year, possibly, and then if the problem is still with us, to go into the matter in a proper way and get proper witnesses and do a thorough job on it. So if the committee is agreeable, we shall pass on to the third point which is that of considering the report, and we will go into camera.

Mr. ARGUE: Your last remarks are supported unanimously by the members of the committee.

Mr. CASTLEDEN: Is it the intention to move the report in the House at this session?

The CHAIRMAN: What do you mean, to move for concurrence?

Mr. CASTLEDEN: Yes.

The CHAIRMAN: I do not know. The usual practice is not to do so. I do not think there are many reports for which concurrence is moved. This year, so far, concurrence has not been moved for any of the reports.

Mr. ARGUE: What is the point of having a report if there is no concurrence?

The CHAIRMAN: It is presented to the House, and the House has it.

Mr. JOHNSON (*Kindersley*): Just to look at?

Mr. DINSDALE: Just for a big souvenir!

The CHAIRMAN: No. The House is seized with the report.

Mr. ARGUE: I think that for us to bring in a report on which there is no action for concurrence, makes a joke of the committee.

The CHAIRMAN: What is that again, please?

Mr. ARGUE: I say that if there is no motion made for concurrence for the majority to support, it makes a joke of the committee.

The CHAIRMAN: Actually, what is the difference?

Mr. ARGUE: There should be a debate on the report at this session. It should not be left hanging in the air.

The CHAIRMAN: I must disagree with you. The fact that there is no debate in the House is because the debate takes place here.

Mr. ARGUE: Not on the report.

The CHAIRMAN: Then the House gets the benefit of the deliberations of the committee. The motion for concurrence is merely an occasion for another debate in the House.

Mr. JOHNSON (*Kindersley*): When you move for concurrence it gives an opportunity for those who might wish to dissent.

Mr. TUCKER: Mr. Chairman, I submit that this discussion on whether or not a motion will be made in the House is out of order.

Mr. CASTLEDEN: Are you raising a point of order?

Mr. TUCKER: Yes, I rise on a point of order.

The CHAIRMAN: Yes, Mr. Tucker, on your point of order?

Mr. TUCKER: I submit that it is out of order to discuss in this committee what is going to be done in the House of Commons.

The CHAIRMAN: That is right.

Mr. TUCKER: I do not think that we should waste the time of the committee in discussing something that is entirely out of order.

Mr. CHARLTON: If I have understood you correctly, you have said that you realize there is a problem.

The CHAIRMAN: A large problem.

Mr. CHARLTON: The box car problem or any problem which comes before this committee, such as the currency problem, and that you did not think it was going to be sufficient to worry about until another year when we could deal with it more specifically at another session.

The CHAIRMAN: No, I was not referring to box cars. I was referring to currency, and the matter of dealing generally, not only in the agreement, but general financial dealings, which are really outside our jurisdiction to discuss, such as the matter of the Wheat Board going into barter deals instead of straight selling.

Mr. CHARLTON: You did not refer to the box car situation when you made that statement?

The CHAIRMAN: No, simply to the financial problem.

Mr. ANDERSON: In the steering committee this morning the matter came up about broadening the scope of this committee. Ontario farmers and eastern farmers have problems just as well as western farmers have them. But it was felt that if we broadened the scope of the committee at this session we would not have the time to give effect to those problems. I was the only Ontario man present, but the western men were very agreeable to broadening the scope of the committee to bring in all farmers.

Mr. ARGUE: Mr. Anderson is absolutely correct. We western members have some sympathy for the eastern members in this committee who, for a change, would like to hear about something other than wheat. Therefore we would be quite happy to discuss, in addition to wheat, such other matters which affect the Maritimes and the province of Ontario.

The CHAIRMAN: All I can say is that this subject is also out of order. As chairman I would be very pleased to consider any reference which was sent to the committee. Beyond that I cannot say anything, because we have no jurisdiction over what is sent to the committee. That is for the House to decide. Now, let us go into camera.

Mr. DINSDALE: I would like to suggest that if the scope of the committee is broadened, we should try to get started a little earlier with our deliberations, otherwise we will find ourselves in future years in exactly the same position as today, when time is running out, and we have not an opportunity to take up these broader aspects. We might easily take care of these other matters before we consider the report of the wheat board and that of the Board of Grain Commissioners, and so on.

The CHAIRMAN: That is for all members of the committee to look after.

Mr. STUDER: What is the banking and commerce committee for?

Mr. JOHNSON (*Kindersley*): I am certainly in concurrence with what the member for Brandon has said, but in reference to the point of order of Mr. Tucker, even though we are not masters of our own destiny, it seems to me that we should have something to say about bringing a report back to the House.

The CHAIRMAN: The House will do what it likes with the report. It has asked us to report, and if I can get down to business within a few minutes we will draft a report and present it to the House; it can accept it, reject it, or do what it pleases with it.

Mr. ARGUE: The Chairman could have a member move concurrence.

Mr. WYLIE: Before we go into camera in this committee I personally would like to express my appreciation to our chairman. I am sure that every member on this committee feels the same way in regard to the fair manner in which he treated all the members of the committee as well as the witnesses. We thank you, Mr. Chairman.

The CHAIRMAN: I want also to thank you, Mr. Wylie, and all members for their kind co-operation. Every member has co-operated with the chairman all through and that has contributed to the success of the committee in its entire results. I appreciate the very gracious co-operation which I received from everyone.

We will now go into camera.

The committee proceeded in camera.

APPENDIX "A"

List of Witnesses Heard by the Committee

1. *From the Canadian Wheat Board:* Mr. George H. McIvor, Chief Commissioner; Mr. William Riddel and Mr. W. E. Robertson, Commissioners; Mr. C. B. Davidson, Secretary; Mr. C. E. G. Earl, Controller.

2. *From the Board of Grain Commissioners for Canada:* Mr. D. G. McKenzie, Chief Commissioner; Mr. R. W. Milner, Commissioner and Transport Controller; Mr. S. Lopston, Commissioner; Mr. W. J. MacLeod, Secretary; Mr. J. Rayner, Director of Administration; Mr. A. F. Dollery, Chief Grain Inspector; Mr. E. E. Baxter, Chief Statistician.

3. *From the Interprovincial Farm Union Council:* Mr. Henry Young, President, Alberta Farmers Union; Mr. James Patterson, President, Manitoba Farmers Union; Mr. Chris Hansen, President, Saskatchewan Farmers Union.

4. Mr. Cecil Lamont, President, North-West Line Elevators Association.

5. Mr. J. H. Wesson, President, Saskatchewan Wheat Pool.

6. Mr. J. E. Brownlee, President and General Manager, United Grain Growers.

7. Mr. William J. Parker, President, Manitoba Pool Elevators.

8. Mr. Ben S. Plumer, Chairman of Board of Directors, Alberta Wheat Pool.

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